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Tehran Tells Military to Prepare for Afghanistan

Taleban Vows Revenge If Iran Troops Attack Over Envoys' Slayings

By Douglas Jehl New York Times Service

TEHRAN —The supreme leader of lran, Ayaiollah Sayed Ali Khamenei, told the country's military and top civilian officials Tuesday to be ready to carry out "speedy, timely and forceful implementation" of impending de-cisions in a crisis over Afghanistan.

The directive stopped short of a full military alert, senior Iranian officials said. But it was enough to prompt a furious response from the militant Tale-ban movement in Afghanistan, which vowed to strike back at Iran if Tehran

makes good on repeated threats to use military force against the Taleban.

About 70,000 Iranian Revolutionary Guards, along with tens of thousands of regular soldiers, are deployed near the Afghan border area, where they face what the Taleban has said is its own force of about 25,000 troops.

In response to the new threats, a Taleban spokesman, Wakil Ahmed, told the Afghan Islamic Press: "Iran must know that if the soil of Afghanistan is attacked, we will target Iranian cities, and the entire responsibility will rest with Iranian authorities."

Iran is seething over the recently confurned killings of at least eight Iranian diplomats and a journalist hy Taleban forces. Ayatollah Khamenei's call for heightened readiness was clearly intended to increase arrestwater to the Taleban and the increase arrestwater to the Taleban arrestwater to the Ta ded to increase pressure oo the Taleban, which controls most of Afghanistan.

Not only have Iranian officials vowed to avenge the deaths of the diplomats, hut they have also said the Taleban must be held accountable for a campaign of atrocities against minority Shifte Muslims, of

whom Iran sees itself as a guardian. United Nations officials have validated at least some of the atrocity ac-cusations, made also by international human rights groups. The UN officials reported that Afghan refugees reaching Pakistan had given credible and chilling accounts of the deliberate killings of large numbers of Shiite civilians in the northem town of Mazar-i-Sharif last month.

A spokesman for the UN High Commissioner for Refugees said in a telephone interview Tuesday that refugees who fled the town after it was overrun hy Taleban forces Aug. 8 had "very consistently" provided reports of house-to-house searches that targeted Shiites for execution.

The spokesman, Rupert Colville, said that in interviews with UN personnel, the refugees had also reported that bodies of some of the dead were left in the street for several days and that other Shiites had been loaded into containers that were then hauled away by truck, causing some

inside to die of heat or suffocation. Accounts by international burnan rights groups, including the Londonbased Amnesty International and the New York-based Human Rights Watch, have cited even more grisly claims of crimes against Shiites, including the cutting of throats and severing of hands by the Taleban, which is made up of purist fol-

lowers of Islam's dominant Sunni faith. Iran has condemned the killings as genocide and warned that more killings may be under way in the central Afghan city of Barnian, captured by Taleban forces over the weekend.

Taleban spokesmen have repeatedly denied that their forces committed eth-

See IRAN, Page 12

24-CARROT OPPORTUNITY — Russian soldiers working with pensioners to harvest carrots so that both groups can eat during the financial crisis. The ruble fluctuated wildly in Moscow on Tuesday, finally dropping 27 percent against the doliar as the new head

of the central bank called for the printing of more rubles to pay back wages --- a move that some economists fear could unleash hyperinflation.

Russia is facing foreign-debt default that is believed to be nearing \$200 hillion.

The Pentagon and Clinton, Again

Military View of Scandal Is 'Don't Ask, Don't Tell'

By Bradley Graham

WASHINGTON - Throughout the controversy this year stemming from President Bill Clinton's relationship with Monica Lewinsky, the nation's military leaders have had little to say in public about the crisis embroiling their commander

Privately, some acknowledge deep concerns that the pres-ident's adulterous affair and misleading statements may cause a devastating and irrecoverable erosion in his standing among service members and further damage sagging morale in the ranks. But they have taken no steps to survey the impact on military opinion, and several high-ranking officials observed that, whether out of personal couriesy or some other reason, the

subject has rarely come up in their own contacts with troops.

Mr. Clinton on Tuesday held one of his periodic meetings with the senior generals and admirals who head the military services and major regional commands. While the military chiefs hoped to use the session to highlight increasingly disturbing shortfalls in personnel, training and spare parts, the air of political crisis surrounding Mr. Clinton has complicated the Pentagon's determined efforts to try to maintain the appearance of husiness as usual.

As the rest of Washington is filled with talk about law and ethics, defense officials have seemed bent on holding in

See PENTAGON, Page 10

Questions Arise in Asia **Over President's Clout**

By Don Kirk

SEOUL - Ambassador Stephen Bosworth leaves for Washington on Thursday in an exercise in reverse diplomacy. Ordinarily responsible for representing the United States in South Korea, he will spend the next week lobhying members

of Congress who are reluctant to approve \$30 million to provide heavy oil for energy-starved North Korea.

Winning approval of the funding, as outlined in a 1994 agreement intended to stop Pyongyang's nuclear program, would be a leach assistance trade and simple statement under any circumstances. But would be a lough assignment under any circumstances. But Mr. Bosworth, a veteran diplomat who has also served in the White House, says he may now face a special handicap: Can he count on President Bill Clinton to make those crucial armtwisting telephone calls that may be needed to bring re-calcitrant members of Congress into line?

In Asia, where U.S. policy is pivotal as the region endures economic hardship and where Mr. Clinton travels this fall for a summit meeting, similar questions are being raised by experts and analysts about the clout and effectiveness of a president under a dark cloud.

The president "is not at a high point of influence," said Robert Gallucci, who served in the Clinton administration and led the negotiations on the deal with North Korea, under which it agreed to end its development of nuclear weapons if

See ASIA, Page 10

Clinton's Legal Jousting': He's in a Box

By Ruth Marcus

WASHINGTON — As his party demands that he jettison his lawyers' arguments, President Bill Clinton finds himself in an excruciating box, left with a choice between either alienating those he needs to survive or potentially making himself vulnerable to even greater jeopardy both in Congress

and in court. On the one hand, it has become painfully clear to Mr. Clinton's team that his legalistic, definition-parsing defense on the issue of lying was not convincing lawmakers to turn away from impeachment proceedings hat rather further inflaming their anger at the president.

On the other hand, the alternative approach demanded by Democratic Party leaders — to stop what the Senate minority leader, Thomas Daschle, Democrat of South Dakota, called the "legal jousting" and simply say that he lied under oath—
poses grave risks for the president both in Congress as it
considers whether to launch a full impeachment inquiry and in
the hands of the independent counsel, Kenneth Starr. (Page

While Mr. Clinton has admitted an improper relationship

with Monica Lewinsky, he and his lawyers have contended that he did not lie when be testified that what they did together did not amount to sex under the definitions he was given in legal proceedings. But those semantics are appearing to achieve nothing but making Mr. Clinton's potential allies as

House Republicans seem ready to release the videotape of Mr. Clinton's grand jury testimony. Page 10.

"He's in a box," said a Democratic political consultant, Dane Strother, who is working for several gubernatorial and congressional candidates this year. "He can't stand up and say, 'I absolutely broke the law.' There are legal ramifications if he does that. But there are political ramifications if be

In Congress, as infuriating as lawmakers may find Mr. Clinton's "absurd legalisms," as Senator Fred Thompson, Reonblican of Tennessee, put it Monday, the president might be even more seriously wounded by admitting to crimes or

See CLINTON, Page 10

AGENDA

WASHINGTON (Reuters) — The ment remodel the centrally planned econ-

World Bank Approves Loans for Ukraine

Arafat's Gamble: A Desert Casino — for Israelis

By Deborah Sontag

JERICHO - In the shimmering heat of the desert, a fancy new mirrored

building, the Oasis, rises like a mirage on the highway between Jerusalem and the Dead Sea. With a dash of Las Vegas and a Sprinkle of Abu Dhabi, the Oasis, which opened on Tuesday night, is Yasser

Arafai's capitalist gamble: a glitzy. Austrian-run casino that will cater to Israelis and bar Palestinians.

It is the first large, for-profit international investment in Palestinian ter-

Nev	stand Prices
Andorra	0 FF Lebanon



generate millions in tax revenues for the cash-strapped Palestinian Authority.

The managing company. Casinos Austria, sees the Oasis as an airtight buthle inside the contentious Middle East, a gilded palace of slot machines and blackjack tables that - with its lack of windows and its heavy air conditioning - could be anywhere in the

'People come to a casino basically to forget about the situation outside," said-Alexander Tucek, the casino director. But the Oasis, ringed by a steel fence,

EU Allows Viagra

But Sets Controls

The European Commission approved the sale throughout the com-

munity of a medicine to correct a

but with some conditions and with

health warnings. Some countries are

apprehensive about a potentially huge

impact on budgets and eurtailment of

other health services. They will refuse

to provide prescriptions for cost-free

supplies of the drug to men. Page 6.

problem of "erectile dysfunction,"

ritory, a \$50 million project intended to directly faces a hardscrabble refugee camp. And it sits at the edge of a sleepy Muslim town of 20,000 whose fundamentalist residents, though they live in the shadow of the biblical Mount of Temptation, disapprove of gambling. It is a venture riddled with the contra-

dictions of the region. The Israeli government, on religious grounds, forbids casinos, but many Israelis love to gamble, flocking to Taba, Egypt, just across the border from Eil-

They will be the customers, albeit somewhat begrudgingly because of

World Bank approved \$600 million in

loans for Ukraine oo Tuesday, aiming to

help the former Soviet republic shore up

its economy and develop a competitive

financial sector development loan and a

\$300 million enterprise development

loan. The money will help the govern-

The Bank approved a \$300 million -

banking system.

their anxieties about personal security. The Palestinian Anthority, on the other hand, permits casinos, but most Paiestinians, on religious grounds, do not gamble. And if they did, the Palestinian Authority, bowing to Islamic funda-mentalists, wouldn't let them in.

They will be part of the work force, also somewhat begrudgingly, because they have to reconcile their traditional values with their economic needs.

"This is a form of cooperation between Israelis and Palestinians that the

omy it inherited from the Soviet era.

Our money complements an IMF

are supporting the government and al-

billion loan earlier this month to help

Ukraine avert a financial meltdown.

See GAMBLE, Page 12

Expectations Grow For U.S. Rate Cut

Global Approach Seems Unlikely

By Tom Buerkle

LONDON - Despite promises of coordinated action to support global economic growth by major industrial nations and President Bill Clinton, fi-nancial markets on Tuesday continued to place most of their hopes on one man: Alan Greenspan, chairman of the U.S. Federal Reserve Board.

Interest rates are the one tool that can have a quick impact on market sentiment. And with Japanese rates now down to almost zero and European central bankers preoccupied with the im-minent introduction of the single currency, only the United States has the scope to make a significant reduction in rates that could pump money inin struggling economies, analysts said.

There needs 10 be some global teadership," said Avinash Persaud, currency strategist at J.P. Morgan in Lon-'We need to see an injection of global liquidity. The one country that can do that is the United States."

Mr. Clinton's promise of economic leadership, in a speech Monday, helped to steady major stock and bond markets Tuesday. But the expectation that the United States would have to take the lead in cutting rates triggered a fall in the dollar, which would be undercut by such

Speculation about lower rates was fueled by a statement issued Monday by finance ministers and central bank governors of members of the Group of Seven industrial nations, Dovetailing with Mr. Clinton's comments, the statement said that the balance of risks in the global economy had shifted away from inflation toward a slowdown of growth as a result of the economic crisis in Asia and other emerging markets. It also promised close cooperation to sustain growth and financial stability.

But the president of the central bank of Germany moved quickly Tuesday to play down expectations of a coordinated cut in interest rates. Speaking in Frank-

furt, the central banker, Hans Tietmeyer, said there was no reason to lower rates in Europe because domestic growth was accelerating, in contrast to the recent weakening of the U.S. econ-omy. He also said Europe needed to

No. 35.937 أ

concentrate on setting the appropriate, single interest rate for the t t countries that will adopt the euro in January.

"It would be wrong to see in the statement by the G-7 on Monday a signal of a general monetary easing," he said. "The situation in the United States is different from that in Continental Europe.

Short-term rates in Germany and France already are near historical lows at 3.3 percent, compared with 5.5 percent in the United States, a fact that makes German authorities loath to ease, analysts said. And overall European monetary conditions will effectively ease if rates in the 11 countries adopting the euro converge at 3.30 percent, as most economists now expect. The average rate among the 11 pow stands around 3.80 percent, with haly's short-term rate still at a relatively lofty 5 percent.

See ECONOMY, Page 16

	The Dollar	
New York	Tuesday ₹ 4 PM.	previous close
OM	1.691	1.6955
Yen	133.98	132.45
FF	5,666	5.6907
Pound Cokus per po	1.6765	1.678
4.	The Dow	
4	Tuesday close	percent change
+ 79.04	8,024,39	+ 0.99°
	S&P 500	
+ 7.93	t,037.65	+ 0.77°
	Nasdag	
1		
+ 12.28	1,677,97	+ 0.74%

General Election

in Germany

is Mr. Schroeder's lead, the essential

pitch in Frankfurt on a rainy afternoon

had been re-calibrated to aim at pulling

together the party's traditional constitu-

ency in the west and the potentially

strong left vote in the former East Ger-

many, where the old Communist Party

has been firmly reconstituted as the

From the evidence, Mr. Schroeder no

longer thinks he is loping to certain

victory - and that turning his back on

the center and toward the left is his best

See GERMANY, Page 12

Party of Democratic Socialism.

Schroeder Turning to Left

German Challenger Drops New Middle Strategy

By John Vinocur International Herald Tribuni

FRANKFURT - Up on the stage, a warm-up band with a name that sounds like the Spastic Turtles pumps it out, and its leader, who says he's Bruce from L.A., bops distractedly to the riffs.

Roadies fiddle with the hlue backdrop curtain that has the phrase The New Middle woven into it in big black letters and make another sound check at the podium that has the same message tucked in front of the mike: The New Middle.

In 20 minutes, Gerhard Schroeder arrives at Roemerberg Square, and 25 minutes later, it was a fair question to ask if the stage equipment with its single keynote slogan could have been sent to the wrong rally.

"We're ready to work with business, but we cannot be blackmailed and beld hostage," the Social Democratic candidate for chancellor roars.

And: "I clearly say to you that I never allow the question of higher education to depend on Mama and Papa's money

And: "We'll double the budget," for training and re-education. "Yes, we can

The New Middle? The catcb-line that throughout the early months of the campaign that was meant to characterize Mr. Schroeder as a modernist, at ease with restructuring the tired German Model, and so scornful of the doctrinaire left as to draw a flood tide of votes from the country's ever-widening center? Not a

The charm is there for the friendly crowd, and the candidate's marvelous, half-embarrassed, half-killer smile, but by attentive count, not even a glancing mention of what was once the Schroeder

At the end of tast week, before the Social Democratic Party's poor results in the Bavarian regional election were in to chill the party, the front-runner had altered his approach.

Now, in the stretch chase for votes on Sept. 27, with Chancellor Helmut Kohl seemingly nudging at what the polls say

TIRANA, Albania (AP) --- Followers of Sali Berisha surrendered two tanks Tuesday after the governmeet said it was ready to take loan program," a spokesman said. "We weapons from the opposition in "an abrupt attack." Prime Minister Fatos lowing them to go ahead with the re-forms they have agreed." The Inter-Nano guaranteed the former president's safety and opened the way for a national Monetary Fund approved a \$2.2 settlement of the crisis that brought two days of violent riots to Albania.

Albanian Resisters Surrender Tanks

Eurlier article, Page 6.



BLASTING OFF - Israel's new anti-missile missile is fueling debate on defense. Page 12.



For Gaza, Peace Just Means More Poverty

By Lee Hockstader

AZA -In the Jabaiya refugee camp, a slice of real estate twice as crowded as Manhattan and scarred with rancid fields of garbage, Hussein Radwan counts as one of the lucky ones: He has a job.

Granted, the work is not much. Mr. Radwan spends six days a week bent over a sewing machine in a sweatshop whose single con-cession to comfort is an overhead fan that stirs the thick summer air. For a 12-hour day stitching together denim skirts, he makes \$5.40 just 45 cents an hour.

But with well over a third of Gazans looking for work, Mr. Radwan knows beoer than to

"In this job I can learn new skills." the 17-year-old Palestinian said. "Things could be

For many Palestinians, they are. And that has come as a bitter shock to people here who were certain that the 1993 Oslo accord with

Instead, most Palestinians have got poorer since the peace agreement was signed five years ago. Incomes, huying power and private investment have plunged while the numbers of families living in poverty have swelled.

That is particularly true in Gaza, a 140square-mile strip of sand, sun-scorched apartment blocks and squalid refugee camps stretched along the Mediterranean Sea.

It was the Jahalya refugee camp that gave birth to the intifada, the 1987-93 uprising against the Israeli occupation. But residents say the mood today in Jabalya, if anything, is meaner and more sullen than in the adrenalinecharged days of the intifada, when a generation of reenagers came of age in daily battle with the

OW, the Israeli soldiers have withdrawn from most of Gaza, leaving rising poverty, crowding and hitterness in their wake. 'The economic situation in Gaza has deteriorated dramatically in the years of peace, which is a very strange phenomenon," said Khaled Abdel Shafi, a Palestinian economist who sits on the Gaza city council.

At first there was a lot of talk of Gaza becoming the Singapore of the Middle East. That is wby, to a great extent, people supported the peace agreement, which in many ways is a bad deal for the Palestinians. They hoped at least the economic situ-

ation would improve.

The fear is that Palestinians will give up on the fraying Middle East peace process as their hopes for prosperity fade. Already, support is ioching higher for Sheikh Ahmed Yassin, founder and spiritual leader of the militant Islamic group Hamas, according to polling data.



Youngsters in a crowded Gaza refugee comp: 'A crisis measured not just in terms of declining income but also of declining hope.

If peace means impoverishment, some Palestinians say, why should they support it? The question is all the more apt given the beoefits

the Oslo accord has brought to Israel. Although the Israeli economy has lately hit a rocky patch, with joblessness creeping toward 10 percent, it boomed in the mid-1990s. Most Israelis are better off now than they were when Prime Minister Yitzhak Rabin and Yasser Arafat sbook hands at the White House five years ago. The same cannot be said for Palestinians, however, especially

The Palestinian economy is in crisis — a crisis measured oot just in terms of declining income but also of declining hope. Stuart Eizenstat, a U.S. undersecretary of state, told an Israeli audience in June. 'We are at risk of diminishing the constituency for peace, not only among the public at large but increasingly among Palestinian business

To understand one of the reasons why the Palestinian economy has nose-dived, it is helpful to pay a predawn visit to the Erez Crossing, one of the few transit points between Israel and the Gaza Strip.

At 5 A.M., a half-mooo still bangs in the

purplish sky, but the rush for the exits has already been on for an hour. Swarms of menfew women make the crossing — walk briskly to the Israeli security checkpoints, smoking their first cigarettes of the day.

About 50,000 Palestinian workers, half of them from Gaza, cross into Israel proper every day to work in fields, factories, homes and gardens. By Palestinian standards, their wages are good — two or three times more than they could earn for a day's work in Gaza.
Yet the number of Palestinians authorized to

work in Israel is down by half from a decade ago. From Gaza, it has fallen by two-thirds. Beginning with the intifada, Israel slashed the number of Palestinian workers it admitted each day. While the government has gradually eased up in the last two years by handing out more work permits, this has not made up for the

n addition, sporadie Israeli closures of Gaza and the West Bank in response to Palestinian terror attacks prompted Jew-ish-owned businesses to seek a more re-liable supply of labor. That led the previous government of Israel to admit a buge influx of

oreign workers. The result: dwindling demand for Pales-tinian workers and less cash coming into Ga-za's economy, where incomes are already half those of the West Bank - and a tenth those in

"Savings are gradually being exhausted," said Mr. Abdel Shafi, the city council member. People are selling their valuables."

Assistance from abroad compensates somewhat for a drop in private savings, he said, "but won't go on forever.

Palestinian and foreign analysts also have blamed Israeli policies for the isolation of Gaza residents from their natural economic partners, the 1.7 million Palestinians in the West Bank. Some 16,000 Palestinian businessmen - from Gaza and the West Bank -- have permits to enter Israel every day, but only 800 are allowed to travel freely between Gaza and the West Bank.

The Oslo accords offered a blueprint for what amounted to a free-trade zone between Israel and the West Bank and Gaza. But what has evolved in practice is very different. Israel does not charge duty oo products from Gaza or the West Bank, but its stringent security checks result in delays, higher transport costs and uncompetitive goods.

'I've seen them X-ray ice cream in the summer,

taking it out of the truck box by box," said Salem Ajluni, an American economist working for the UN. "I've seeo eggs scanned by metal detectors."

IRA Refuge in Ireland Says a Loud 'No More'

By Warren Hoge New York Times Service

DUNDALK, Ireland - This town 13 miles from the border with Northern Ireland once harbored so many Irish Republican Army safe houses, underground weapons networks and gunmen on the run that the police called it "El Paso."

"People here were very resentful of that name," said Kevin Mulligan, 55, editor of the weekly Argus newspaper. referring to the Wild West coonotations. But with time they came to realize it wasn't too far off the mark."

Out of a mixture of lingering sympathy for the plight of Catholics in the North and fear of reprisals from vengeful local IRA men, residents of Dundalk kept any misgivings to themselves.

When the town of Omagh was bombed on Ang. 15, killing 29 people in the most deadly single attack of Northern Ireland's three decades of violence, the police suspected guerrillas based here, and the residents of Dundalk found themselves newly stigmaozed. This

time they spoke up.
"What we're saying, and saying very strongly, is that there is no hiding place for terrorists in this town," said John Woods, 57, a Dundalk lawyer who with Mr. Mulligan and four businessmen organized a protest rally in the courthouse square. By police count, 15,000 people, half the town's population, showed up.

The most overused symbol in the stubbornly confrontational politics of Northern Ireland is the line in the sand, but here in Dundalk, the onetime refuge of the men of violence, one may really

"We are saying that this is not a part of us, people who do these things do not ent our community," said Brian O'Neill, 55, owner of a century-old family business, R. Q. O'Neill bardware and gifts.

Dundalk's defiant rejection of its association with bloodshed is being cited as an emblem of what is happening throughout the Irish island. "I'd be an optimistic sort of person to begin with."
Mr. Woods said, "but Ireland is now united as never before."

Optimism is a sudden newcomer to the North, but it's getting a warm wel-come. People are daring to put their frequently battered faith in a poliocal solution to the conflict, and there are coovincing signs of cooperation in Bel-fast between leaders of the warring Catholic and Protestant communities that have battled and shunned each other for generations.

Dundalk is a bustling provincial town with storefronts in lively colors and corner pubs that ring with the hearty sounds of blamey.
Once a ceoter for brewing, shoe man-

ufacturing and the building of railway rolling stock, Dundalk has shared in Ireland's new prosperity with multinational firms like Xerox and Panasonic Dundalk was brutally reminded of its

old role in the Northern Ireland struggle when responsibility for the Omagh bombing was claimed by renegade republican paramilitaries called the Real

IRA organized out of here.

"Here we go again," Mr. O'Neill remembers thinking along with his shock and revulsion. "Everyone's going to blame Dundalk.

The Real IRA, made up of former members of the Irish Republican Army unhappy with the group's cease-fire. viewed the April peace settlement as a sellout of republican ideals and set out to undermine it with violence.

Police officials have identified its military head as Michael McKevitt, 49.

a Dundaik man who once was the quartermaster general in charge of the IRA's vast arsenal of weapons. The deputy chairman of the grnup's political arm, the 32-County Sovercignty Committee, is his common-law wife, Bernadette Sands-McKevitt. 40, the sister of Bobby Sands, a republican who died in a prison hunger strike in Belfast that drew international attention.

The McKevitts live in Blackrock five kilometers (three miles) out of town. on Dundalk Bay, and they run The Print Junctioo, a photocopying, picture framing and souvenir shop in the Long Walkshopping arcade downtown. In the days following the bombing, people tacked protest notes onto the store door and stood in vigil outside its entrance.

The McKevitts complained that they were being harassed by neighbors and that they feared for the safety of their three children. They have not been spotted here for the last three weeks and the store is shunered, with piles of opened letters scattered on the floor inside. ...

Dundalk became involved in the conflict across the border when thousands of Catholics fled here from Belfast in the 1970s to escape Protestant fire-bombings and shootings. "We were strongly sympathetic, they came down in transloads and we literally opened our-homes to them," recalled Mr. Mul-

Many of the refugees settled in the Muirhevna Mor housing project, which is still known as Little Belfast.

But then later the IRA started to use Dundalk as a base and they spread theviolence to the south and over the past 5 years turned to gangsterism and rack-Mr. Mulligan complained.

Eamon Collins, a former IRA gun-man and author of "Killing Rage," a book detailing his disillusionment with the clandestine organization, said that Dundalk was central to the campaign of violence in the North.

"It was a route for moving a lot of weaponry and it was where lots of people could rest up when they were on the run," he said in a phone interview, The mourners for the dead of Omagh

who marched in protest through the streets of Dundalk filled three condolence books in the lobby of the columned 19th-century town hall build.

Many of the messages spoke to the: pecial sense of sorrow and responsibility felt here.

"I am ashamed to be living in Dundalk," wrote James Miller, "I do not want a 32-county Ireland. I want a peace-ful one for my children to grow up in.";

Editor's Note

An article in The New York Times on May 13, and published in the International Herald Tribune on May 15, about Marco Pierre White, a rish chef and restaurateur, described bis climb to success. It said that in the past he had "a wellpublicized bout with drugs and alcohol."

The statement was based largely on an ambiguous passage in Mr. White's autobiographical cook-book, White Heat. But no such allegation has been well publicized," and in fairness Mr. White should have been asked to comment on the statement.

He has since said that there is no truth in the statement.

In the absence of any confirmation, the statement should not have

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TRAVEL UPDATE

Paris Opens Doors to Public The first high-speed rail line in the former East Germany was opened Tuesday between Berlin and

of France will be open to the public free of charge

Saturday and Sunday as part of a yearly event. During the "Journées du Patrimoine," which attracted 10 million visitors last year, the presidential palace - along with other official buildings, castles and artisan workshops - will be open to the public.

A full list of the sites is available on the Internet, at www.culture.fr.

Volcanic activity intensified at Mount Etna carly Tuesday as a 100-meter (300-foot) plume of black ash and lava spewed from its crater. Gas emissions and strong tremors accompanied the lava spurts from the volcano crater, 3,200 meters

above sea' level near the town of Catania. (AFP)

PARIS (AFP) — Some 12,000 public sites Hannover, cutting travel time by nearly half to one encesenting the architectural and cultural legacy bour and 47 minutes. Regular service will start Sept. 27. German Chancellor Helmut Kohl said the line would be part of a future high-speed rail network linking London and Moscow via Paris

> Cathay Pacific Airways Ltd. plans to cut service to Indonesia to 19 weekly flights from 24 weekly flights in its winter schedule, effective Oct. 25. The Hong Kong-based carrier said it would also increase the number of flights to North America, Europe and Australia.

> Air Canada will resume its services out of Asia Thursday, following a 13-day strike by its pilots, the carrier said Tuesday. On Wednesday the airline will resume service out of Hong Kong and Osaka, and on Thursday it will resume flights out



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INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, SEPTEMBER 16, 1998

THE AMERICAS

Stop 'Hairsplitting,' Democrats Say Daschle and Gephardt Call for 'Straight Talk' on Clinton Problems "who have grown impatient "We're not in an attack party by abandoning the pre ident mode," said one White ident "We're not in an attack party by abandoning the pre ident one White ident "We're in a On a day in which one white ident one one white ident one one white ident one of a million for its said one of a million for its

WASHINGTON — The and his advisers must accept calling on President Bill Clinton and his advisers to abandon what Mr. Daschie called "hairsplitting" about his made a similar point: "The sestimony denying a sexual relationship with Monica

The blunt message Monday from the top two Democrats in Congress added considerable weight to a message that other lawmakers of both that common sense for the parties have been sending the good of the country." White House since the release Friday of the report from the independent counset, Ken-

neth Starr. Mr. Gephardt, Democrat of Missouri, and Mr. Daschle, Democrat of South Dakota, were reacting to what one Democrat called a "disastrous" performance by the astrous' performance by the president's legal advisers the appearances by David over the weekend. In a series Kendall, the president's perof appearances on talk shows, Mr. Clinton's lawyers attacked Mr. Starr's report and and other members of the and Barbara Boxer of Cali-asseried that Mr. Clinton's White House legal team was fornia. sworn denials of a sexual relationship with Ms. Lewinsky, while misleading, did not

constitute perjury.
Mr. Daschle, who appeared with the president at a party fund-raiser in New York on Monday night shortly before said he agreed with people wrongdoing.

He added, "The president forgiveness mode." mon sense guide us in doing what is best for the country." Mr. Gephardt's statement

considered judgment of the the dilemma Mr. Clinton now American people is not going to rise or fall on the fine disbut on straight talk and the truth. It is time for the president and Congress to follow

Both Democrats said Congress should move as quickly as possible to determine what, if any punishment, Mr. Clinton should receive. Mr. Daschle said Congress should return after the November elections, if necessary, to resolve the matter.

sonal lawyer, the White House counsel Charles Ruff, also going on inside the White House. from Mr. Clinton's contention that he was "legally accurate" if misleading in his Jan. 17 deposition in the

But another senior official Senate minority leader, Tom that continued legal jousting expressed exasperation with Daschle, and Dick Gephardt, serves no constructive pur- critics of the White House the House minority leader, pose. It simply stands in the strategy. "What they want us have criticized the White way of what we need to do: to do is help make it go away, way of what we need to do: to do is help make it go away, House legal defense strategy, move forward and let com- but I'm not sure the course they're recommending is going to make it go away as quickly as they like." Those comments reflected

faces. As long as he is in legal jeopardy, either from Continctions of a legal argument gress or the independent counsel, his lawyers will resist any acknowledgment that he lied under oath. But that very defense may hinder efforts to find a compromise short of impeachment, par-ticularly before the November midterm elections.

White House officials are particularly worried about further erosion in Mr. Clinton's political standing, particularly with lawmakers in tough campaigns this fall. Several Democrats said the list includes Senators. Patty Murray of Washington, Ernest Hollings of South Carolina, Harry Reid of Nevada

There, officials cians highlights the Demosought to shift attention away cratic Party's awkward bind. With less than two months before Election Day, Democrats are being warned not to embrace the Clinton defense Paula Jones case and back to offered up hy his lawyers, hut his statement was released, the president's admissions of they also understand that they

helped raise \$4 million for the party, Mr. Clinton sought to reassure Democrats. "Go talk big, go tell people not to be complacent, he told 400 supporters at a fund-raising dinner in New York last night. Tell them oot to worry about the adversity adversity makes people come out and show up - witness your presence here tonight."

Meanwhile, Representa-tive Henry Hyde, Republican of Illinois and the Judiciary Committee chairman, predicted that as part of any impeachment inquiry the committee might probe other allegations that Mr. Starr has been investigating, including Whitewater and the improper acquisition by the House of FBI files on hundreds of Republicans.

"Is appears there could be more to come, and we would consider ourselves dutybound to consider whatever he sends us," Mr. Hyde said, adding that the panel could investigate these allegations of wrongdoing on its own as

Bnt Representative Barney Frank, Democrat of Massachusetts, a committee member, called that approach 'ludicrous,' adding, "These are the Clinton-haters who have the sense that there's not enough here.'

A vote on that question, however, will not come becould hurt themselves and the concludes a preliminary re- could constitute a violation of of legislative affairs.



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Representative Charles Rangle, Democrat of New York, reacting to protesters' calls outside a Broadway show, "The Lion King," where Bill Clinton was in attendance. Signs call the president the "lyin' king.

view of the still-secret materials sent to Congress tast week with Mr. Starr's report.

Mr. Hyde also served notice to the White House and other allies of the president that be would not tolerate efforts to undermine members of the committee by circulating damaging or derogatory material about their personal lives.

Efforts to intimidate members of Congress or interfere with the discharge of their official duties in relation fore the Judiciary Committee to the impeachment maner

federal criminal law," Mr. Hyde said in a letter to committee members.

White House officials con tinued to take heart from pub lic opinion polls showing Mr. Clinton's approval rating as

still strong.

Mr. Clinton's advisers plan to angment their defense team by bringing in two new people; Gregory Craig, currently the director of policy planning at the State Department, and Steve Richetti, a former member of the White House office

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POLITICAL NOTES

Media Puzzled as Public Isn't Enraged by Scandal

*WASHINGTON - For mooths now, many media commentators have been saying. in private and oo television chat shows, that the public would come to share their outrage about President Bill Clintoo sooo enough. Once ordinary citizens learned the seamy details of Mr. Clintoo's conduct, once the independent counsel's findings became public, the president's poll ratings would surely

Yet almost a week after the release of Kenneth Starr's sexually explicit report, there has been no such public explosion. Sizablemajorities still tell pollsters they approve of the president's job performance and oppose impeachment or resignation.

sense of betrayal has never been starker. USA Today has joined other major newspapers in Monica Lewinsky. urging Mr. Clinton to resign over the Monica The ministers, the Lewinsky matter. USA Today's defectioo is a particular setback for the White House, which has long regarded the Gannett paper as more of a bellwether and less scandal-obsessed than its national rivals.

The weekend talk shows were filled with undignant questions and harsh commentary, as were the newsmagazines that came out this

This leaves many journalists, who gauge public opinion for a living, puzzled that so many people can give Mr. Clinton such low marks for honesty and integrity and yet approve of his performance as president.

The greatest surprise in this whole story is

the ongoing gap between the elites — who now almost uniformly despise Clinton — and the people, who have stuck with him so far," writes the columnist Jonathan Alter in News-

The relentless, full-speed-ahead coverage has also produced a backlash against the media. Indeed, some readers and viewers have suggested that perhaps journalists' sex lives

should be scrutinized with equal fervor. A Texas columnist, Molly Ivins, writing in Time, scolded the press; "You shoved his sex life in our faces last January, and ruhbed our noses in it for eight months more, so hy now we're more disgusted with you than with Bill

Clinton Enlists Preachers

NEW YORK - President Clinton has temptations that have conquered" the pres-

Mr. Clinton phoned the ministers and asked them for their help late Sept. 7, as he and the nation were preparing for the report that Mr. The contrast with the media's collective Starr delivered to Congress two days later concerning the president's relationship

The ministers, the White House has confirmed, include two formidable evangelical preachers: the Reverend Tony Campolo, an outspoken liberal Baptist from Pennsylvania

Lewinsky, the president has been struggling to persuade the American people that he seriously regrets it and is taking steps to repent

Both Mr. Campolo and Mr. MacDonald were defensive about the possible appearance that Mr. Clinton had selected them as part of

political damage control.

We would rather be men of faith wbo believe that God is working in the life of the president,". Mr. Campolo said, "than to join that army of cynics, many of whom are re-

chosen two or perhaps three ministers to serve as a team of personal spiritual advisers that will meet and pray with him weekly and help him resist what ooe of the ministers calls "the ident in the past.

known for his ministry to urban youth and for books advocating Christian acceptance of ho-mosexuality, and the Reverend Gordon Mac-Donald, senior pastor of a Massachusetts nondenominational Christian church. Since admitting a month ago that he had had an inappropriate relationship with Ms.

ligious leaders, who cannot accept a plea for forgiveness at face value."

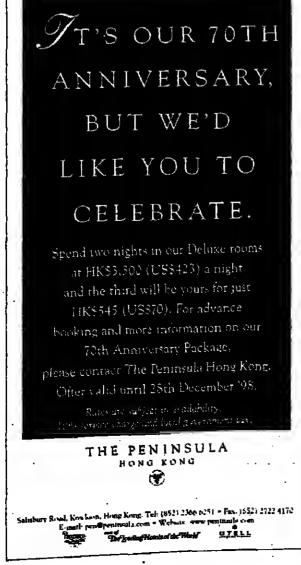
Farm Aid a Step Closer The Associated Press

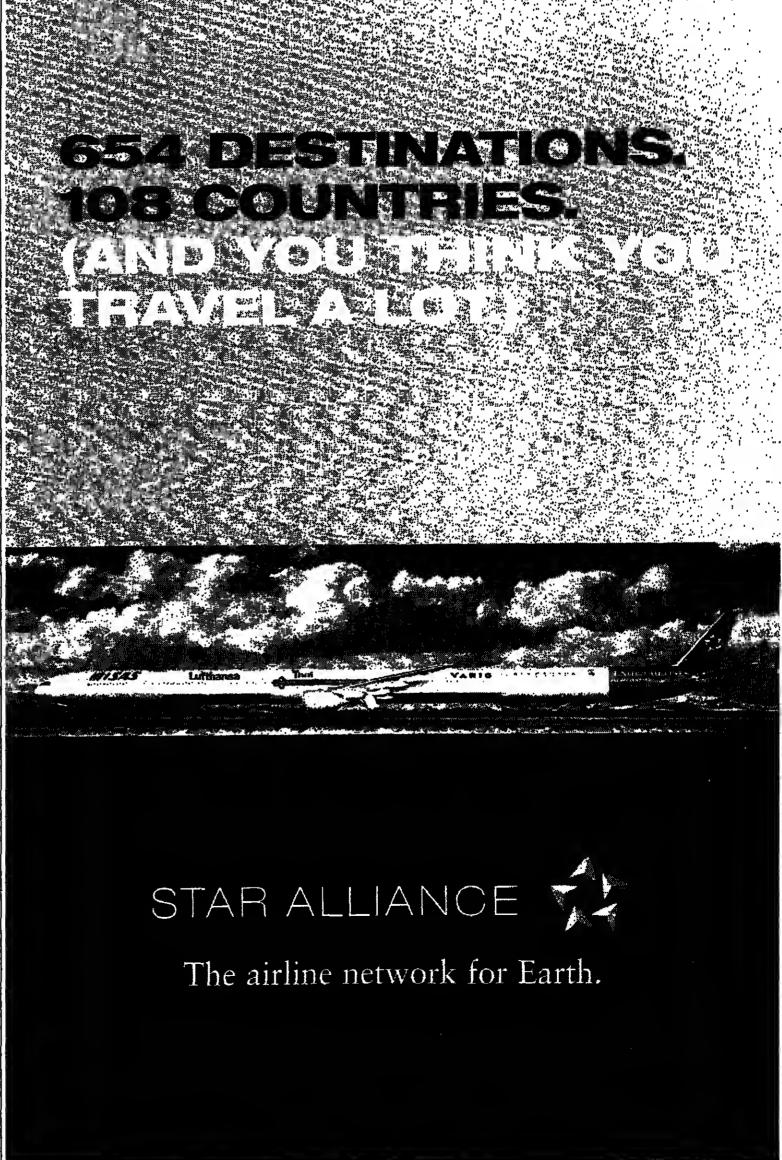
WASHINGTON — The House indicated Tuesday its willingness to help farmers weather an economic crunch, voting to exempt farm aid from federal spending limits. While the Senate rejected a \$7 billion aid package Monday, Republicans say they are working on a cheaper plan.



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North Korean Rocket **Deemed More Powerful**

But Solid-Fuel Stage Failed Mission, U.S. Says

By Steven Lee Myers New York Times Service

WASHINGTON — The United States now maintains that North Korea tried, but failed, to launch a small satellite into orbit when it fired a multistage rocket in an arc over Japan two weeks ago, according to administration and defense officials.

But the rocket was significantly more powerful than U.S. defense and intelligence officials first reported. The officials now say that the rocket had three stages, not two, and that the final stage used solid fuel, a significant technological leap for the North Korean mis-

sile program.

The third stage of the rocket, which

Investigators Set To Query Suharto In Corruption Case

The Associated Press

JAKARTA - President B.J. Habibie promised Tuesday that investigators would this week question his predecessor, Mr. Suharto, for the first time in their corruption investigation. The government also said it would protect those who blow the whistle on corrupt prac-

Arnold Baramuli, a presidential adviser, quoted Mr. Habibie as saying investigators would meet Mr. Suharto within "one or two days."

Mr. Habibie ordered an official inquiry inin corruption under the previous regime soon after he replaced Mr. Suharto in May. But critics say Mr. Habibie — a longtime friend and sub-ordinate of Mr. Suharto's — has not done enough.

In a recent and rare television appearance, Mr. Suharto, 77, denied allegations that he had amassed billions of dollars through corrupt business dealings during his 32 years in power.

The claim bas been greeted with disbelief in the local media and by many Indonesians, struggling to make ends meet during the country's worst economic crisis in 30 years.

Mr. Suharto stepped down amid a wave of riots and protests in May. In a new rash of demonstrations this

month, thousands of students bave demanded that Mr. Suharto be put on trial. Mr. Suharto's children, who built busi-ness empires under their father's par-ronage, have also denied any wrong-

Development Planning Minister Hartano said Tuesday that people who ex- consin Project on Nuclear Arms Conpose corruption would be protected by the government. He said many had not come forward with evidence for fear of reprisals. Private businesses also have stayed silent for fear they would lose

carried a small satellite, broke up somewhere over the Pacific Ocean before reaching orbit, said the officials.

The failure of the satellite indicated that North Korea bas not yet mastered solid-fuel technology, but the officials said the effort alone suggested that Pyongyang's program might be more ambitious and advanced than was widely believed. A government official said Monday that if North Korea perfected a third stage in future tesis, its missiles would have a range of about 3,500 miles (5,600 kilometers), enough to reach parts of Alaska.

The United States has strongly condemned the North Korean rocket faunch Aug. 31, saying it had needlessly stoked leasions in the region. But in the subsequent two weeks, the administration has had to retreat from its initial assessment of the firing, which intelli-gence agencies monitored closely and declared to be a test of a two-stage rocket called the Taepo-Dong 1. North Korea has claimed it success-

fully placed a satellite into an oval orbit around Earth for peaceful scientific purposes, including the broadcast of "immortal revolutionary hymns" in honor of its paramount ruler. Kim Jong IL and his father, Kim II Sung. who died in 1994. The launch came only days before North Korea celebrated its 50th anniversary and consolidated Kim Jong Il's power as chairman of the National Defense Commission.

But the U.S. Space Command at Peterson Air Force Base in Colorado, which tracks objects in orbit, bas been unable to verify the claims, nor has anyone at the Pentagon or the intelligence agencies been able to tune in to the hymns, the officials said.

We have concluded that North Korea did attempt to orbit a very small satellite," the State Department spokes-man, James Rubin, said. "We also have concluded the satellite failed to achieve

He went on to say that the launch itself confirmed North Korea's "inherent capability to threaten its neighbors."

[There have been reports that Japan is considering developing a reconnaissance satellite to follow the threat from Pyongyang more closely. "Given that they're allies," Mr. Rubio said of that possibility. "I wouldn't expect us to have a problem.

[According to the transcript of his briefing, he also said. "They would be looking for our assistance in some form or another - wbether it be technical or not technical in the sense of equipment. but tapping into our long experience in

this business."]
Gary Milhollin, director of the Wistrol, a research organization in Washington, said the disclosures suggested that North Korea was intent on building intercontinental ballistic missiles. "I don't want to sound alarmist," he said, "but that's where we are heading."



At Last, a Respite in Phnom Penh

Two Cambodian policemen relaxing Tuesday as no clashes were reported in the capital. The calm follows an accord between the ruling party and two opposition parties that calls for an end to protests and for Parliament to convene on Sept. 24.

Concluding Trip to China, UN Rights Aide Is Upbeat

By Elisabeth Rosenthal

BELIING - At the end of what she called "a successful but not always easy first visit to China," Mary Robinson, UN burnan rights commissioner, said Tuesday that despite continuing human rights abuses, she had sensed among Chinese leaders a new willingness to discuss the country's human rights record.

Mrs. Robinson said she had been told by Chinese officials that they were prepared to sign the Covenant on Civil and Political Rights next month. She said that the Chinese government had also signed a letter of understanding with the Human Rights Commission requesting technical assistance on burnan rights issues.

"China has burnan rights problems, major problems," Mrs. Robinson said at a press conference Tuesday morning in Beijing. But, she added, "I was interested in the awareness of and willingness to admit burnan rights problems among China's leaders."

Mrs. Robinson praised China's willingness to allow the Human Rights Commission to work in the country, since China has previously rejected what it regarded as outside interference in its internal affairs. "It has to be apparent what a ground-breaking visit this is," she said. "Human rights is not talked about here.'

But burnan rights groups here reacted with only cautious optimism, noting that the ultimate success of the visit hinged on whether China's avowed commitment to burnan rights led to concrete changes in a country where people are still imprisoned without trial and cannot speak out against the government.

Indeed, Mrs. Robinson's 10-day trip was punctuated by poignant reminders of the dizzying contradictions in China's current human rights policies, where scattered signs of liberalization are often offset by acts of harsh repression.

During the visit, dissidents from two provinces said they had gotten encouraging signals when they applied for permission to organize an opposition political party, an act that had landed dissidents in jail just three months ago.

But that same week, the Public Se-

curity Bureau arrested and allegedly beat an imprisoned dissident's wife, Chu Hailan, as she tried to deliver a letter to Mrs. Robinson. And a liberal journalist and editor, Shi Binhai, was taken from his home without explanation or charges.

Such contradiction were not lost on Mrs. Robinson, who said that she had called the Chinese Foreign Ministry in demand Mrs. Chu's release after she heard about the arrest — which had occurred in her hotel lobby. Mrs. Chu was released that same evening. Mr. Sbi's status remains unclear.

Mrs. Robinson said repeatedly that the main goal of her trip was merely to "start a process of cooperation" and did not say if she had gotten any concrete commitments for change.

The International Covenant on Political and Civil Rights, which China plans to sign next month, along with the laternational Covenant on Economic, Social and Cultural Rights, signed last year, are comprehensive documents protecting rights from freedom af speech in freedom to form trade unions. But China's governing bodies still have to ratify both documents and might try to attach caveats, observers said,

CIA Papers Detail 1960s Payments to Dalai Lama

By Jim Mann Les Angeles Times Service

WASHINGTON - For much of the 1960s, the CIA provided the Tibetan exile movement with \$1.7 million a year for operations against Chioa, including an annual subsidy of \$180,000 for the Dalai Lama, according to newly released U.S. intelligence documents.
The money for the Tiberans and the

Dalai Lama was part of the CIA's worldwide effort during the early years of the Cold War to undermine Communist governments, particularly in the Sovies Union and China.

The documents, published last month by the State Department, illustrate the historical background of the situatioo in Tibet today, in which Beijing continues to accuse the Dalai Lama of being an agent of foreign forces seeking to arate Tibet from China.

The CIA's program encompassed support of Tibetan guerrillas in Nepal, a covers military training site in Colorado.
"Tibet Houses" established to promote

Geneva, education for Tibetan operatives at Cornell University and supplies for reconnaissance teams.

"The purpose of the program," top U.S. intelligence officials wrote in one memo, is "to keep the political concept of an autonomnus Tibet alive within Tibet and among foreign nations, principally India, and to build a capability for resistance against possible political developments inside Communist China.

The declassified historical documents provide the first inside details of the CIA's decade-long covert program to support the Tibetan independence movement. At the time of the intelligence operation, the CLA was seeking to weaken Mao Zedong's hold over China. And the Tibetan exiles were alive after the Dalai Lama and his supporters fled Tibet following an unsuccessful 1959 revolt against Chinese

bave acknowledged for many years that they once received support from U.S. intelligence. But until now Washington refused to release any information about the CIA's Tibetan operations,

The U.S. intelligence support for the Tiberans ended in the early 1970s after the Nixon administration's diplomatic opening to China, according to the Dalai Lama's writings, former CIA officials and independent scholars. The Dalai Lama wrote in his auto-

biography that the cutoff in the 1970s showed that the assistance from the Americans "had been a reflection of their anti-Communist policies rather than geouine support for the restoration of Tibetan independence."

The newly published files show that the collaboration between U.S. intelligence and the Tibetans was less than appear to be congenitally inclined to-ward conspiratorial proficiency," a top. CIA official wrote in one memo.

Gyari acknowledged: "It is an open secret. We do not deny it."

The CIA has long resisted disclosing

Tibetan exiles and the Dalai Lama Tibetan program are contained in a erations.

memo dated Jan. 9, 1964. "Support of 2,100 Tibetan guerrillas based in Nepal: \$500,000," it reads. "Subsidy to the Dalai Lama: \$180,000." After listing several other costs, it concludes: "Total: \$1,735,000."

The files show that this budget request was approved soon afterward. A later document indicates that these annual expenses continued at the same level for four more years, until 1968. The agency then scrubbed its U.S. training programs for Tibetans and cut the program budget to just below \$1.2 mil-

Lodi Gyari, the Dalai Lama's personal representative in Washington, said last week that he had no knowledge of the CLA's \$180,000-a-year subsidy or how the money was spent.

But speaking more generally of the IA's past support for the Tibetans,

The budget figures for the agency's information about its Tibet-related op-

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Malaysia Lawyers Issue Warning *

BRIEFLY

KUALA LUMPUR — Fourteen senior Malaysian lawvers. scholars and rights acrivists said Tuesday that the country's rule of law had been steadily undermined, citing events surrounding the "summary sacking" of the former finance minister, Anwar Ibrahim.

"There has been an ever steady and increasing disregard for and erosion of the rule of law and the principles of natural justice," they said in an eight-page statement entitled "The Rule of Law Under Threat.

They cited a judge's decision to allow affidavits "very detrimental" to Mr. Anwar to be made public despite a counsel's objection to their release and the detention last month of a businessman friend of Mr. Anwar's under the internal Security Act, which provides for detention without arrest. Mr. Anwar said Tuesday that the authorities had detained his former private secretary and that he expected to be arrested later this month. Prime Minister Mahathir bin Mohamad said last week that Mr. Anwar would be indicted once the police finish their investigations.

Holy War Threatened in Pakistan

ISLAMABAD, Pakistan — An influential religious university in Pakistan threatened Tuesday to launch a jihad, or holy war, against Prime Minister Nawaz Sharif's government if it signs the global nuclear test ban treaty.

The Dar-ul-Aloom Haqqania University issued the Islamic decree warning that "all Muslims were bound to struggle against and resist those willing in support the treaty. The university, which has an enrollment of about 2,500 students, educated many of the religious fighlers in the

Taleban militia, who have imposed a harsh form of Islamic law in most of Afghanistan. (AP) China to Talk to Taiwan Official

TAIPEI — In a move warmly greeted in Taipei, China said Tuesday it would play host to Taiwan's top negotiator next month and agreed to preliminary talks on an agenda for

Koo Chenfun may hold a news conference and meet with Taiwanese investors when he visits Beijing and Shanghai from Oct. 14 to 19. China's Association for Relations Across the Taiwan Straits said in a letter.

The letter was addressed to the association's counterpart in Taiwan, the semiofficial Straits Exchange Foundation. Mr. Koo is chairman of the foundation, which is responsible for Taiwan's contacts with China.

Filipinos Protest Pact With U.S.

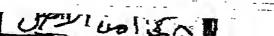
MANILA — Hundreds of activists, some with slogans painted on their bodies, marched Tuesday to protest an accord that would let U.S. troops conduct war exercises in the Philippines. The protests in Manila and nearby provinces came a day

before planned nationwide rallies to mark the Philippine Senate's 1991 rejection of a treaty that would have extended the American military presence in its former colony.

The marchers on Tuesday opposed the Visiting Forces.

Agreement, which would allow large-scale U.S. and Philippine

Real Estate and Oming Out. military exercises and provide legal protection for U.S. soldier in the country. U.S. and Philippine officials have signed the A GREAT DEAL HAPPENS accord, but the Philippine Senate must ratify it.



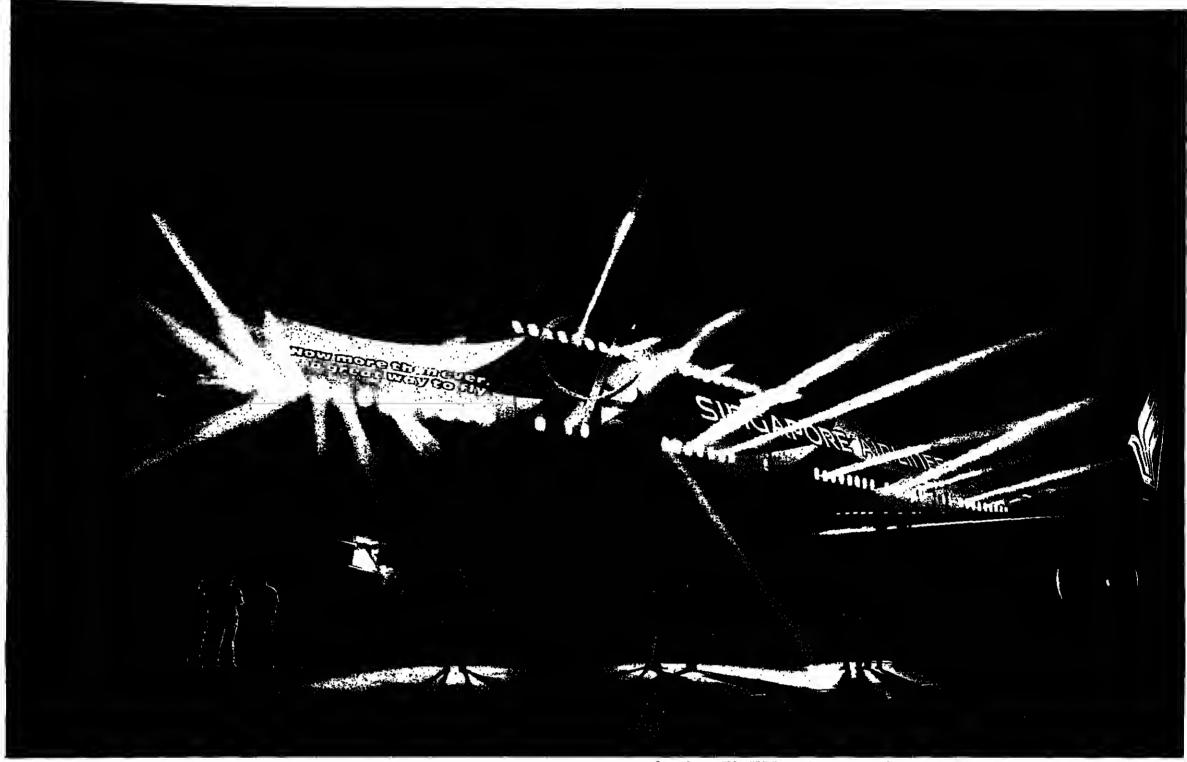


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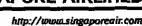
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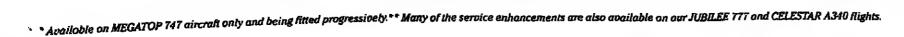
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By Celestine Bohlen New York Times Service

MOSCOW - Summoned back from decade of obscurity, a group of Gorbachev-era economists stood outside the headquarters building of the Russian government on Tuesday, waiting their turn to give advice on how to rescue a floundering economy.

Ten years ago, these men were the ralking heads of perestroika, the name given to reforms launched by President Mikhail Gorbachev - which in due course, led to the collapse of communism and the end of the Soviet Union.

On Monday, they joined the alumni of Mr. Gorbachev's varsity squad who find themselves back at the center of Russia's economic policy debate.

Russia's new prime minister, a top economic aide and the new head of the central bank all served uoder Mr.

That the Russian government sought the help on Monday of so many Gorbachev economists was a sign of the dearth of new ideas to save Russia's

it was also a telling symbol of how last week's political showdown has humbled President Boris Yeltsin.

Paradoxically, Mr. Yeltsin won the affections of Russian voters in 1991 by attacking Mr. Gorbachev's feeble efforts at economic reform and, by extension, the economists behind peres-

This time, it is Mr. Yeltsin's team of young liberal economists who are under attack for having shortchanged the Rus-

sian people by clinging to free-market theories that have yet to take root here.

Looking reinvigorated, if a bit rumpled, in the bright autumn sunshine, the reassembled team measured their words carefully as they waited for an escort to take them into a meeting with Prime Minister Yevgeni Primakov's top deputy for economic affairs, Yuri Maslyukov, a Communisi.

Among them were three top advisers to Mr. Gorbachev - Leonid Abalkin, Nikolai Petrakov and Oleg Bogomo-

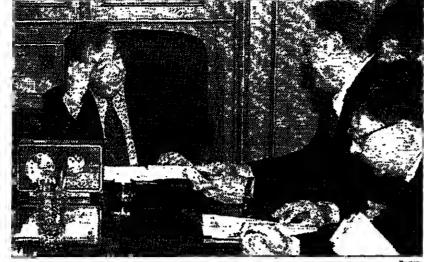
Their glee at having survived to see their services back in demand was ev-

"Now there is hope for a more real-istic policy," said Mr. Bogomolov, di-rector of the Institute for Internal Eco-

nomic and Political Studies. 'Now it is not just one side that can express their ideas, like our liberal radical economists. We are all in favor of reforms, but not reforms for their own sake, but reforms which serve

people.'
Mr. Primakov's government has yet to fix a clear economic policy to pull Russia out of its crisis, but his choice of advisers has sent strong signals that his approach will be a throwback to another era, when economists tried to introduce some free market ideas within a Soviet system.

To Mr. Primakov's predecessors, who favored free markets and tight fiscal discipline, the return of the Soviet cast of characters is eerie, even alarm-



Prime Minister Yevgeni Primakov, left, meeting on Tuesday with his deputy, Yuri Maslyukov, next to him, and union members. The Kremlin leader vowed to pay long overdue salaries to miners and other workers.

of the Communist Party but he also once was also director of Gosplan, the giant bureaucracy that was the epicenter of the Soviet command economy and the headquarters of its detailed five-year-

At a thinly attended rally in Moscow on Sunday, former Prime Minister Yegor Gaidar issued dark warnings about the return of the Communists to power and the impending collapse of

Russia's fragile market economy. The main task today is to unite democratic forces to prevent the downfall of Russia," said former Deputy Prime Minister Boris Nemtsov, another young liberal reformer, speaking oo television Sunday night.

But there is also a more benign view of the return of a breed of Soviet economisis that many had assumed had become extinct. "I swear, I didn't even know he was still around," said one Not only is Mr. Maslyukov a member economic researcher after reading a

public appeal issued last week by Mr. Abalkin, who is still director of the Institute of Economics.

In his public commeots, Mr. Primakov has indicated that his government will put its emphasis on meeting the needs of the Russian population and industry without explaining where the

money for this will come from. But it is a message with appeal reaching beyond the political debate, deep into a poor and exhausted society.

"We must oot carry out reforms that have a bad effect on the people," Mr. Primakov said Monday at a government meeting. "If therapy drags on for decades and there is no light at the end of the tunnel, of course, this is not in the

interest of the nation." The Gorbachev-era economists most of them directors of academic institutes - have adapted to Russia's changing reality, and their views, too,

Opposition Defies Ban, But Albania Is Calm

The Associated Press

TIRANA, Albania - Albanian opposition protesters defied a han and beld a peaceful rally Tuesday, while the government ordered armed opponents to turn in their weapons in an effort to avert fresh violence after two days of riots.

In a televised address, Prime Minister Fatos Nano said that the government's patience was running out and that it would out wait "endlessly" for all weapons to be removed from the headquarters of former President Sali Berisha. "There is no time," he said.

Mr. Nano guaranteed the safety of Mr. Berisha and his followers. He also said he was willing to consider "in principle" any formula for resolving the crisis. The opposition has demanded that Mr. Nano resign.

Mooday's protest - prompted by the assassination of Azem Hajdari, a fellow lawmaker and ally of Mr. Berisha's wbo belped bring down Albania's Commonist government - touched off a day of unrest reminiscent of the anarchy that lasted for months in 1997.

Riots swept Albania last year after the collapse of pyramid investment schemes that cost many people their life's savings, sending refugees into Italy, Greece and other countries.

Police said at least three opposition supporters had been killed and 14 wounded when government forces attacked and regained control of seized key facilities: Parliament, the state televisioo and radio building and the prime minister's office.

The Interior Ministry on Tuesday banned demonstrations by Mr. Berisha's Democratic Party. Despite the ban, ahout 3,000 people rallied in the main square of Tirana.

Many protesters flashed the twofingered victory sign as Mr. Berisha coupled demands for the prime minister's resignation with exhortations to the demoostrators to remain peaceful.

Dozens of police cars, lights flashing and sireos howling, surrounded the pro-testers on Skanderbeg Square. Officers carrying submachine guns and wearing stocking masks filled the cars and several police vans.

Mr. Berisha remained defiant. The 53-year-old heart surgeon warned Interior Minister Perikli Teta to rescind a shoot-without-warning order or "bear all responsibility for the con-sequences." He called for another rally

Wednesday unless Mr. Nano resigned. In southern Albania, police reported shooting between gunmen and border guards at the Kakavia crossing to Greece during the night. They said the attackers wounded three people.

U.S. and European diplomats were. trying to negotiate a solution. Many feat the unrest could spread, further complicating the situation in the neighboring Serbian province of Kosovo, where ethnic Albanian rebels are fighting for. independence.

The governor of Kosovo. Veliko Odalovic, warned that the stability of the southern Balkans was at stake. "Any clashes in our immediate neighborhood are a reason for our grave concern. especially if it is Albania and if a legally a elected government is threatened in such a way," he said.

BRIEFLY

Floods Kill Belgian

BRUSSELS - Floods in Belgium claimed their first victim Tuesday when a woman drowned in her car. Rivers rose to critical levels forcing the evacuation of hundreds of people.

Io northern Belgium, a woman died when her car skidded into a diwh. Around the eastern city of Liege, reservoirs in the Ardennes hills released excess waters, swelling rivers below. Several villages were flooded.

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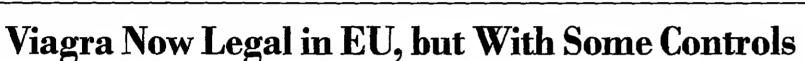
BONN — Germany formally reques-ted on Tuesday the extradition from France of Hans-Joachim Klein, a former ally of Rich Ramirez Sanchez, the international terrorist, known as Carlos the Jackal, for his part in the 1975 kid-napping of OPEC ministers in Vienna.

Mr. Klein, 50, was detained last week trear a village in Normandy, in northern France, where he had been living under an assumed name for years. German prosecutors had said they would seek Mr. Klein on charges of murder and kidnapping. Austria has also said it will request his extradition (Renters)

For the Record

The French interior minister. Jean-Pierre Chevenement, 59, five days after emerging from a coma, was getting better but was still unable to talk, French television reported.

President Vaclav Havel of the_ Czech Republic, 61, on the mend after mouths of life-threatening medical problems, began a five-day trip to the United States on Tuesday.



By Barry James

International Herald Tribuna BRUSSELS — The European Commission decided Tuesday to authorize the sale throughout the European Union of the oral drug Viagra to help men achieve erections.

The measure posed a problem for several countries that fear their government health programs could be overwhelmed by demand for Viagra, In Britain, the health secretary, Frank Dobson,

ordered doctors not to prescribe the drug free under the National Health Service. There is insufficient money, he said. "Therefore." he added, "we have to take the money away from maternity services for women having babies, or people who are being treated for cancer, or people who are being treated for heart disease."

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The health ministries in Germany and Portugal also said that public health services would not pay for Viagra, which is widely viewed as a "quality of life"

Joseph Feczko, medical director of Pfizer Pharmaceutical, the manufacturer of the drug, said the company was "not happy" with Viagra's reputation as an aphrodisiac, which has led to runaway sales in the United States.

He said that the "titillating chatter" about Viagra slowed down the regulatory process in several coun-

Nor, he said, was Pfizer happy about the ease with which Viagra can be obtained over the Internet. 'Erectile dysfunction is a medical condition as

much as arthritis," he said. Although it is not life threatening, the problem, he said, has caused incalculable misery to "people who

have suffered and are suffering."

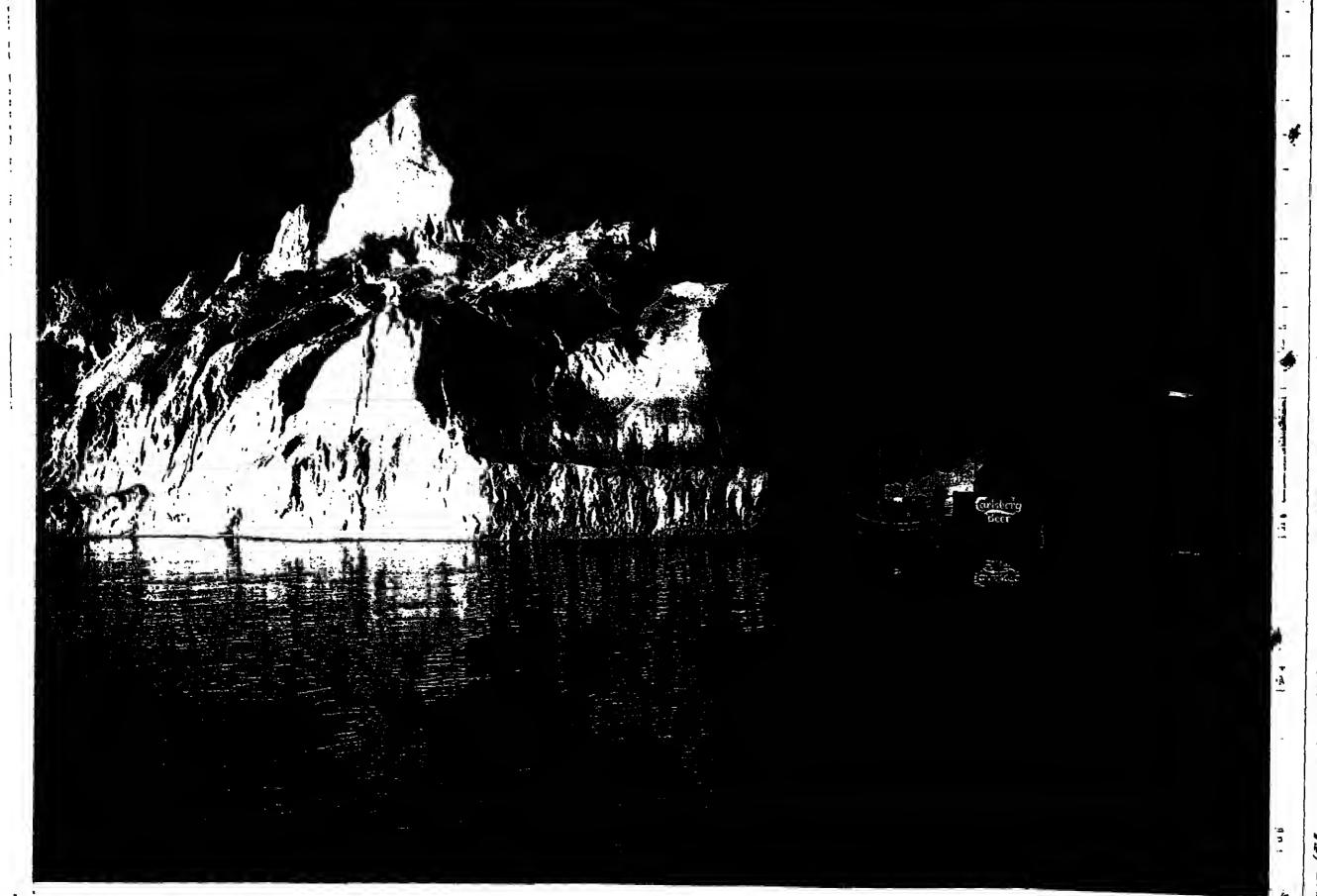
The decision by the commission meant that, "in principle, the company concerned has, from to-morrow, the right to circulate the product in all member states," said Jochen Kubosch, the com-mission's spokesman on health matters.

Even though public health systems may refuse to dispense the drug, patients in all EU countries can obtain it legally by presenting a private prescrip-

The commission, the EU's executive body, imposed some conditions.

· Viagra may not be prescribed to women or to males under 18.

· Prescriptions must be accompanied by a leaflet warning that Viagra should not be used by men suffering from heart or liver conditions or who are taking medicines containing nitrates.



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UNITED STATES DISTRICT COURT
Southern District of New York
Summons in a Civil Case

United States Securities & Exchange Commission George Wallace Stewart Alten B Gottlieb et al

Case Number; 98 Civ. 2636 To Salim El Hage Eastland American Bank Limited Foreign Trade Bank International Mecs Insurance & Reinsurance Co.

YOU ARE HEREBY SUMMONED and required to serve upon PLAINTIFF'S ATTORNEY, Stephen J. Crimmins (SC-

2714], Thomas V. Sjoblom (TS-655), Kelin A. O'Donnell (KO-4201), U. S. Securties and Exchange Commission, 450 Fifth Street, N.W. Washington, D.C. 20549, Mail Stop 8-6 an answer to the you, within ninety (90) days after service of this summors upon you, exclusive of the day of service if you felt to do so, judgment by default will be taken against you for the relief demanded in the complem. You must also fife your answer with the Clerk of this Count within a reawith the Clerk of this Court within a rea-sonable period of time after service S.E.C. v. Stewart et at: 98 Civ 2636 (I.AP) (April 14, 1998 S.C.N.Y.) Summary of Complaint. On April 14, 1998 the Unit of States Securities and Exchange Com-mission Ried a complaint in the Ostinic Court for the Southern District of New York, alleging that five individuals and a number of related entities transluterity obtained more than \$1.7 million by enobtained more than \$1.7 million by engaging is a scheme involving the offer and sale of securities. The conduct complained of took place from approximately May, 1993 through October, 1993. Fraudilent acts occurred, among other places, in New York. New York, Woodhollow, New Jersey, Key West, Florida and Paris, France The complaint alleges that as a result of the scheme, the defendants diverted a large portion of the traudilent proceeds to oil-shore accounts held by ertilities they control. Named in held by entitles they control. Named in

held by ertitles they control. Named in the complaint as defendents are George Walaze Stewari, a 55 year old resident of Hollywood, Flonda, Patrick J. Maddien, a 48 year old resident of Alberta, Carnatic, Afen B. Gottleib, a 54 year old attorney and resident in Fort Lauderdele, Florida; Kenneth R. Lagonia, age unknown, a resident of Bohernia, New York; Salim El Hage, age unknown, is known to reside in Pans, France, H.D. Inc., a New Jersey corporation; St. Barth Limeed, a Baltermen company; Eastland American Bank Limited. A Baltamean company, Foreign Trade Bank, a Lebanese company, and Mecis Insurance and Penssurance Company, a Lebanese company

Named in the complaint as relied defendants are: Comel Plebani. a New Jersey resident; Law Offices of Afen B Gottler, and Associates, P.C., a New York corporation; Americined Commercial Corporation, a purported New York Corporation; and Finanzurich LTD, a Bahamien com-

The complaint alleges that:

The defendants marketed the investment plan to at least three investors whose truds were misappropriated. Celendants Stewart and Madden explained the investment program to the investions. Sless-art represented that he would, through H.D. Inc. and St. Barth, trade prime bank instruments, including notek, letters of credit, and quarantees, on behalf of the investors. Defendants Gottlier and Lincolle exposited in arrange for a leaf line. gorta purported to arrange, for n lee, the credit lacities necessary to trade the prime bank instruments. Delendam El Hage-acting on behalf of defendants Eastland, Foreign Trade Bank, and Medis - supposedly established the requisite credit lacities. These supposed investments, however, did not exist, and deten dans made numerous material misrepre sentations and omissions in connection with the offer and sale of the securities

The Commission aleges that by engag-ing in such conduct the defendants vio-lated the antifraud provisions of the United States securities levis. Section 17 (a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. As in the delendants, the Commission seaks permanent injunctions against tuture volations of the aminaud provisions, diagogement of defendants. Bugotten gains plus prejudgment interest, and only money penables. As to the relief defendants, the Commission seeks a final defendants, the Commission seeks a final defendants. dates, the Commission access judgment requiring them to disgurge the investors' lunds that they received from the delendants and to pay prejudgment

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Fast Track on Clinton

Kenneth Starr's report has arrived on Capitol Hill with only a few weeks "to go before members of Congress were expecting to go home to campaign. The temptation to deal with the impeachment question on the slow track until the next Congress will be keen. Nobody knows exactly how voters are likely to respond to serious congressional action.

It is, however, unthinkable that Congress would adjourn while the Lewinsky matter remains unresolved. As long as there is a question of impeaching the president, the House Judiciary Committee must keep working on it "irrespective of the time of year or the possible impact on any election.

The first reason is fairness to President Bill Clipton. If the House ultimately decides not to impeach him, it should not hold endless deliberations that prevent birn from ever recovering any of his ability to lead the country. Respect for the responsibilities of the presidency requires that Congress not

encumber Mr. Clinton in the exercise of his duties longer than necessary.

The second reason - mirror image of the first - is that if Mr. Clinton is found to be unfit for office. Congress should not let him occupy the White House one day longer than it must. Impeachment, after all, is a device designed to protect our system from abusive officers. The duty to impeach and remove them is sufficiently grave that Congress cannot put it on hold until it is electorally convenient to act.

It now seems quite clear that Mr. Starr's evidence requires an impeachment inquiry. Congress should move swiftly to open this inquiry, and the Judiciary Committee chairman, Henry Hyde, should keep it open straight through the election and the lame-duck period following it. If need be, the full House should be recalled to vote. Politicians have accused Mr. Starr of taking too long to investigate. Congress should deal with these accusations promptly. - THE WASHINGTON POST.

Wallace's Legacy

As Washington debates the possibilities and limits of redemption in polit-- ical life, the career of former Governor George Wallace of Alabama is instructive. George Corley Wallace, who died Sunday at the age of 79, devoted the latter part of his life to revising his own biography. The politician who vowed, at his first inauguration, "segregation now, segregation tomorrow, segregation forever," courted — and won over — many black voters in his home state. He won, ton, a measure of

respect from some former enemies. Yet Mr. Wallace will rightly be remembered, first and foremost, as the snarling bantamweight who blocked the donrway of the University of Alabama in Tuscaloosa on June 11, 1963, to bar the school's first two black students from entering. That defiant stance led President John F. Kennedy to federalize the Alabama National Guard; the two students were duly admitted. But Mr. Wallace's resistance to integration, and to the law and order he professed to revere, did not stop there. Two years later it was his state troopers, along with local lawmen, who clubbed and gassed unarmed civil rights workers crossing the Edmund

There was always an element of cal-

culation in Mr. Wallace's segregationist rabble-rousing, an insincerity that made his stand no less - in some ways more - repugnant. He had vowed, after losing his first gubernatorial election as a relative moderate, never again to be less rabid on race than his opponent. Even in the 1960s, many detected more politics than principle in his opposition to rights for African Americans. But his hateful words contributed to the murders of black and white civil rights workers. He was a "merchant of racism," Martin Luther King Jr. said. When a bomh exploded in a Birmingham church, the Reverend King told the governor that "the blood of four

little children . . . is on your hands." Mnch later - after four terms as governor, after his runs for the presidency, after a gunman had put him in a wheelchair - Mr. Wallace tried to disavow his call for eternal segregation. "I didn't write those words," he

told the columnist Carl Rowan in 1991. "I saw them in the speech written for me and planned to skip over them. But the wind-chill factor was five below zero when I gave that speecb, I started reading just to get it over and read those words without thinking. I have regretted it all my life."

-THE WASHINGTON POST.

Cambodian Whirlpool

There was hope that a July 26 election would put Cambodia back on a track toward democracy and stability. So far it has not worked out that way. The election produced much resentment but no clear winner. In recent days, grenade attacks, shootings and violent police actions have increased tension in that impoverished Southeast Asian nation.

Cambodia's troubles go back a long way, but the current round began in July 1997. That is when the second prime minister, Hun Sen, the country's strongman ruler for more than a decade, chased the first prime minister, Prince Norodom Ranariddh, from power. The palace coup was followed by 100 or

more political killings. In the July 26 election a year later, most Cambodians turned out to choose among Hun Sen's party, Prince Ranariddh's party and that of the opposition leader Sam Rainsy. Most observers describe election day as peaceful and well-organized. But opposition parties complained that Mr. Hun Scn's preelection intimidation tactics and his

party's postelection vote manipulations precluded a fair result. Charges of vote fraud have been neither proven by the opposition nor given a fair hearing hy the government, leading to a bitter standoff. The ruling party's fiddling with rules to give itself a majority of parliamentary seats after winning only a plurality of votes did not belp.

Now government police have cracked down with unnecessary and unwise brutality oo peaceful demonstrators from opposition parties. The opposition, for its part, has engaged in (anti-Vietnamese) race-haiting that also has inspired violence. Countries around Cambodia, at one time committed to helping shape a democratic ontcome, are distracted by their own

grim mouhles. But Cambodia's woes can only drag the region down farther. All sides inside Cambodia should be made to understand that only a peaceful resolution can regain for the nation its United Nations seat, its international aid and its standing in the world.

- THE WASHINGTON POST

Home Runs Aplenty

beat Roger Maris's record, and maybe end the season tied with the same number of home runs. That seemed unlikely at the time, with Sosa stuck at 58 home runs and McGwire on a tear. But beginning last Friday night, the hero of San Pedro de Macoris, in the Dominican Republic, pumped four bome runs to draw even with McGwire at 62.

This McGwire-Sosa business is amazing, and fun. In the space of one week, two players have broken Maris's 37-year-old record of 61 bome runs, and the season has almost two more

During the recent series between the Cards and the Cubs. Mark McGwire suggested to Sammy Sosa how nice it would be if the two of them could both possible that he could win the home run title and McGwire could wind up in the second paragraph of the best sports

story in years.
Sosa is a hard-working player wbo has brought to baseball a sense of joy that seems rare among today's professional athletes. His season has been every bit as important to baseball as McGwire's, drawing thousands of extra fans to the ball park.

We thought it was over, but what was once a home run chase is now a home run race.

- THE NEW YORK TIMES.

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Crafty Saddam Hasn't Given Up on Nuclear Arms

WASHINGTON — In the early 1970s, Saddam Hussein, then Iraq's vice president and vice chairman of the ruling Revolutionary Council, ordered the development of a clandestine nuclear weapons program. I was one of those who initiated the pro-

The plan's long-range objective was to produce nuclear weapons, but the immediate objective was to acquire nuclear technology. To achieve that goal. the manipulation of the International Atomic Energy Agency, the IAEA, was fundamental. The elaborate plan of deception they gradually evolved included the signing of nuclear cooperation treaties with friendly states and the invention of bogus projects.

Iraq had impeccable credentials for receiving nuclear assistance. Iraq had signed the Nuclear Nonproliferation Treaty in 1968 and ratified it in 1969. That made our nuclear-power cover stories internationally acceptable and justified our major nuclear purchases with the full backing of the IAEA.

Over the years, I had many roles. I was chief of the fuel division in the 1970s, head of the theoretical division of the enrichment program in the 1980s, scientific adviser to the chairman of the Iraqi Atomic Energy Com-mission, the IAEC, in the mid-1980s, and, for a brief period in 1987, director of weaponization.

Acquiring nuclear technology within the IAEA safeguards system was the first step in establishing the infrastructure necessary to develop nuclear

In 1973, we decided to acquire a 40megawatt research reactor, a fuel-manufacturing plant and nuclear fuel-reprocessing facilities, all under cover of acquiring the expertise needed to evenmally huild and operate nuclear power plants and produce and recycle nuclear fuel. Our hidden agenda was to develop clandestinely the expertise and infrastructure needed to produce weaponsgrade plutonium.

As it turned out, few of Iraq's snppliers - or the IAEA itself - ever bothered to ask a simple question: Why would Iraq, with the second-largest oil reserves in the world, want to generate electricity by burning uranium? For its part, Iraq was careful to avoid taising IAEA suspictons; an elaborate strategy was gradually developed to deceive and manipulate the agency.

To get better access to the inner workings of the IAEA, the position of 'scientific attaché" was created at the embassy in Vienna. Suroor Mahmoud Mirza, a brother of Mr. Saddam's senior bodyguard, was appointed to this position. Mr. Mahmoud provided de-

covered in open publications, includ-ing the role of inspectors in uncovering clandestine programs, how information given to inspectors was controlled, and how limited their leverage was. He also realized the importance of baving Iraqis work as inspectors to gain a more complete understanding of inspection procedures and processes. Most important of all, he alerted us to the success of satellite remote sensing in un-

covering clandestine, and especially

underground, activities. As a result, Iraq built no underground facilities. Ironically, the understanding that gradually emerged from a closer relationship to the IAEA was how weak and easily manipulated the agency was With little leverage on member states, inspectors were in a difficult position. If an inspector wrote about a suspicious activity in the state he visited, and if it leaked out (which was often the case), the inspector could be denied future access to that state.

Further, according to Abdul Wahid Saji, the first Iraqi to serve as an IAEA inspector, if an inspector gained a reputation as antagonistic or aggressive, few states would allow him to inspect their facilities.

Overall, the IAEA proved extremely useful to the Iraqi weapons program in obtaining nuclear technology. The Scientists, to Global Viewpoints (Los agency accepted Iraq's importation of Angeles Times Syndicate).

By Khidir Hamza ... tailed reports on many subjects not highly enriched uranium fuel for its research reactor, without evaluating the possibility that Iraq might divert it to military use.

The new safeguards system that has grown out of the updated program set up in 1993 to over come past failings, is

capable of detecting future Iraqs. But if the old IAEA safeguards culture prevails, the new system will not be a match for a determined Saddam Hussein or other proliferators.

After two disastrous wars and the large-scale massacre of Kurds and Shiites, the criminal nature of the Iraqi regime is internationally recognized.

What is not recognized by the world community, though, is the determination with which the regime of Saddam Hussein intends to pursue programs to produce weapons of mass destruction. including nuclear weapons, once sanctions are lifted.

The nuclear weapons group is still in place; the expertise is still there; and Saddam Hussein and his colleagues are well-practiced in the arts of decep-

The writer was a top scientist at the Iraqi Atomic Energy Commission hefore he defected to the United States. He contributed this comment, which appeared first in the Bulletin of Atomic

When Credibility Is Gone, Think of Going, Too

By David S. Broder

WASHINGTON — President Bill Clinton has disgraced himself. He has demeaned the high office to which he was twice elected. And he has left Congress and his fellow citizens with a dilemma for which the Constitution provides

no clear, trouble-free remedy. He has apologized for his actions, perhaps as much as he needs to, and his followers have sought to shift the criticism onto the independent counsel, Kenneth Starr, whose report to Congress was every hit as abborrent ns the conduct it describes.

Like many others, when I read the Starr report I could not helieve the endless, repetitious, salacious detail was necessary to disprove the president's denial of sexual relations with Monica Lewinsky.

But after watching David Kendall, Mr. Clinton's attorney, on television Sunday morning, smugly and condescendingly twisting words and denying reality, I can understand what drove Mr. Starr to dump every hit of trash he had collected onto the president's head.

As Merle Black, the Emory University political scientist, told me: "The more Kendall

worse it is for him. It undermines the whole idea of respect for the law."
That is why serious Demo-

crats with the interests of both the president and the country at beart are pleading with the White House to abandon this legal pettifoggery. Leon Panetta, Mr. Clinton's former chief of staff, told me that Mr. Kendall and others "have to stop the legal quibhling whether he lied about the sexual relationship. It's clear he misled the country. He needs to conperate with Congress, oot engage in the same tactics he has for the last seven mooths."

But what to do with Mr. Clinton? Mr. Panetta said, "There are no magic answers. You feel like running upstairs and put-ting your head under the pillow." His own recommendation is that the White House negotiate for a congressional censure resolution.

That idea is growing in popularity, hat it presents problems.

Censure cannot be found in the Constitution. When applied

speaks on behalf of Clinton, the to members of Congress, under the rules of the House and Senate, it has had a checkered history. Senator Joseph Mc-Carthy's power was broken by a censure resolution. But several members of the House have been censured to no political effect. And no one knows the real impact of a congressional censure on the chief executive:

> The move for censure has a checkered history.

It could dangerously demean him in the eyes of the world or it could leave him feeling free to lie again when convenient.

The constitutional remedy for serious abuse of office is the impeachment process. Many wise and experienced leaders of both parties I talked to say they cannot envisage Mr. Clinton being removed from office by this route for the wrongdoing alleged by Mr. Starr.

midterm election without an-thorizing a preliminary inquiry cabinet officer. "If impeachthorizing a preliminary inquiry ment goes forward, that is all that will happen in the next Congress," Mr. Califano said.
"I think Clinton is finished by the Judiciary Committee into possible impeachment. Republicans almost have to vote that way to satisfy their constituents and most Democrats cannot af-

ford to appear obstructionist. Once such a proceeding starts, the lawyers who predominate on that committee will have to ask themselves - as a thoughtful Republican member, James Rogan of California. is already doing publicly — what message it sends for the administration of justice if the chief executive charged with 'faithful execution of the laws" is allowed to testify under oath to a federal judge and grand jury and not tell the

Impeachment and conviction in a Senate trial would be a lengthy, wrenching process — and well it should be. The president's spokesmen reject talk of resignation, and a former Senate majority leader, Howard Baker, rightly says that two forced presidential resignations in a quarter century could set a dangerous precedent.

But it is highly unlikely that the House will go home for the heard from Joseph Califano, an But I was struck by what I

as a serious president, whether he stays in office or not. He's lost his credibility, his moral authority.

Mr. Califano said he had been thinking back to the time, 30 years ago, when Lyndon Johnson told him and another presidential aide, Harry McPherson, that he had decided not to seek re-election, because, as Mr. Califano said, "he could no longer lead on either of the things that were important — / Viemam or civil rights." Any successor - even Richard Nixon or Robert Kennedy - would 'have a honeymoon with Congress" and be able to do things he himself oo longer could, Johnsoo said.

. Johnson did not resign, because an election was only eight months away, Mr. Clinton still has 28 months to serve. "I don't know if Clintoo even thinks that way." Mr. Cal-

ifano said. Let us pray that he does. The Washington Pest.

Don't Confuse Outrage With Misdemeanors

BOSTON — The Clinton controversy puts two ques-

tions to the country. One is whether we are outraged by the president's personal behavior and public deceptions. The other is whether we believe he should be impeached

and removed from office. They are distinct questions: constitutionally distinct. It is crucial to the future of our political system that we keep them separate. But from various points on the political compass there are efforts to muddy them

together. Kenneth Starr has worked ferociously to obliterate the distinction.

His aim is to destroy Bill Clinton, politically and personally. His strategy bas been to arouse public opinion against the president and drive him from office. The president's sexual idiocy, and attempts to conceal it, gave Mr. Starr the opportunity that other allega-

The leaks that poured from Mr. Start's office were calculated to condition public opinioo. Then, when his report was ready, there was the public relations tactic of parading boxes

past waiting cameras: guilt by As to the report itself, any reader could understand without prompting hy the president's lawyers that its massive irrelevant sexual detail was designed to degrade the president. What does masturbation have to do with anything? Would responsible prosecutors have pried so incessantly at Monica Lewinsky for sexual detail? Would they have degraded her by forcing her to answer in such detail as the price of immunity

from prosecution? But it was not just the sex. The number of supposed grounds for impeachment listed by Mr. Starr, 11, was designed to make people think there must

be something there. Mr. Starr went so far as to argue that asking the courts to give Secret Service agents a privilege against testifying — .which President George Bush and many others thought they should not have to do — was a

By Anthony Lewis

Resignation would do terrible damage to the presidency

ground for impeachment. Could any lawyer not blinded by hate think a president should be impeached for making a legal argument?

We ARE outraged by Bill Clinton's behavior. That is an easy question. But outrage is not a reason to drive a president from office. Impeachment of a president has to be a grave step. Scholars argue about what the

his sex life to trap him on an escalator of mendacity does not require much ingenuity. The trick is familiar to any tabloid journalist or tort lawyer What we should care about is the ease with which a president can have the trick played on him The process is claimed as constitutional, but every well-tooled coup claims that."

attempts to conceal it.

London, wrote:

Much of the world is bewildered at the spectacle of an American president under attack by a prurient prosecutor. On Irish Radio the other day a Northern Ireland assemblywoman, Brid Rogers, said:
"We find it just grotesque that somebody's private life

to trick it up as abuse of office, Mr. Clinton's wrongdoing is a long way from a fundamental offense to our system. It is about illicit sex and the usual deceitful aftermath. A British columnist detached from our obsessions,

Simon Jenkins of The Times of 'To seize an initial lie about effective. Urging resignation is a way to avoid the hard question of

politically weak would do ter-rible damage to the role of the presidency in our constitutional structure. It would move us toward a parliamentary system. It would encourage the forces of demagoguery to attack any president. It would intensify the already corrupting criminalization of our politics.

Those dangers are far worse than living with a damaged president.

Against them we should resolutely set our face. The New York Times.

Make Way for German Baby-Boomers

By Robert von Rimscha

WASHINGTON — America's transition to a baby-boomer president was one of style, social attitudes and values as much as it was political. The same will soon happen in Germany, as it is set to be run by what is essentially a post-Cold War generation.

They have been called the '89 generation, as

the fall of the Berlin Wall in 1989 is its members' crucial exposure to living history. They deplore West Germany's unwillingness to use the transformation of East Germany as a trigger for structural change. They question the notion that the relationship is antagonistic between "turbo capital-ism" in the United States and a benign social

welfare state in Germany, instead stressing common challenges facing both the United States and Europe in the age of globalization. They despise the gruff stalwarts identified with maxation greater than 50 percent. They want a strong Europe and a strong European cur-rency. They like competitiveness, capitalism, family, social liberties, entrepreneurship, vigor

and an engaging foreign policy. For the United States, they would be tougher partners in trade negotiations and more willing allies in foreign And they soon will run Germany. Already, they head several of Germany's most influential newspapers. The government's move to Berlin,

baby-boomers' ascension to the power elite. The traditional German political landscape leaves them homeless. Fiscal conservatives, social liberals easily find parties reflecting their views in the United States or Britain. In Germany, they have been left out. Few such voters even existed before. With the '89ers, they exist in great numbers and demand re-cognition. Gerhard Schroeder hopes they will

carry him into the nation's top post. The '89ers signal not only increased chances of reform but also a refreshingly unbiased, positive view of the United States. German baby-boomers arrived in the early 1960s. This gencrational twist, not Mr. Schroeder, is the really big news about Germany's future politics.

After Helmut Kohl, there will not be another patriarch driven by history and focusing backward, ruling for 16 years. If Mr. Kohl gets his fifth term, the '89ers could well triumph the next time. If Mr. Schroeder wins, he can only be successful if he adopts large parts of the '89ers' agenda. Sooner rather than later, Germany will turn to a more American-style, conflict-driven political landscape. Berlin will be the ideal setting. The more Germany drags its feet on reform, the more forcefully those changes will be demanded and enacted by a oew generation already on the path to power.

The writer, Washington bureau chief for the Berlin daily Der Tagesspiegel, contributed this to be completed next year, will coincide with the comment to the Los Angeles Times.

constitutional test of "high should be laid bare. None of us crimes and misdemeanors" could stand that." But because Mr. Clinton's bemeans. But it surely must be more than sexual dalliance and

havior has been laid bare, people 2 want to express their disappoint-However Kenneth Starr tries ment in him. And that has led to a hlurring of the line between outrage and impeachment.

A number of newspaper editorials bave called on Mr. Clin-

ton to resign.

Some people who have supported him in the past have taken the same position, arguing that he can no longer be

impeachment. But for a president to resign because he is

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Officer in Skirts

NEW YORK - Dr. Anita Newcomb McGee, who has been commissioned an acting assistant surgeon in the United States army, with the rank and pay of a second lieutenant, and who is the first woman who ever received a commission in our army, began her official duties at the Army Building, in White-hall street. Her first duty was to select thirty women nurses for the army in Porto Rico. She said, "I must wear a second lieutenant's uniform. It will be the same as a regular officer's uniform, except that I shall wear a skirt instead of trousers."

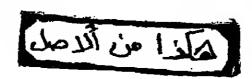
1923: Colored Exodus

IOHNSTOWN, Pa. --- As a result of an order requiring all negroes and Mexicans who have not been residents of this

Mexicans have already left and others are preparing to depart. The order was issued by Mayor Cauffiel, following riots in the section of the city which the occupy. The exodus has proved a severe blow to the Bethlehem Steel plant, but no protest has not yet been made by the Bethlehem authorities.

1948: Hyderabad Feud. PARIS - Hyderabad, the In-

dian princely state which has been invaded by Indian regular troops, announced that if the United Nations Security Council fails to accept its complaint against India, Hyderabad will use every possible means to force the UN to consider the question. Hyderabad's Foreign Minister asserted that through issuance of communiques de-scribing the Hyderabad fighting. India had convicted itself before city for seven years to leave the world of open aggression immediately, 2,000 negroes and against the princely state.



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OPINION/LETTERS

For a President in Deep Trouble, Some Prescriptions for Recovery

Following the release of the special pros-ecutor's report to Congress obout President Bill Clinton's relations with Monica Lew-won't allow it, the politicians won't either. Bill Clinton's relations with Monica Lewinsky. Mr. Clinton's fortunes may be at their lowest point yet, ond the nation is openly asking whether he can recover. Here, some people give their views on how he might inake o comehack.

Mario Cuomo, Democrat and former governor of New York:

President Clinton should make Senator Joseph Lieberman his point man. In his speech on the Senate floor, Mr. Lieberman, Democrat of Connecticut, criticized the president, but he also gave him a locus poenitentiae, a place for repentance under the law. The president should take advaniage of that and say to the senator: "You are the de facto leader of the forces of righteous indignation. You have said that you can save my presidency. Show me the way. I will do anything I must to show that I am cootrile." When he convinces the senator that he is truly repentant, that will be the end of any punishment hut censure.

Second, the president should show how the process is wrong. Kenneth Starrdumped these papers oo the jury, the American people, without any attempt to discriminate the good from the bad. It was not fair to ask the people to arrive at a conclusion when they had out heard the other side.

Then the president and his aides should ask the people to consider the implications of an impeachment trial. Imagine what a trial - a chance to examine and challenge every piece of paper, and examine and crossexamine every witness, including Monica

Lyn Nofziger, a longtime Republican consultant and former aide to President Ronald Reagan:

If President Clinton is to retain his presidency, the first thing he must do is quit apologizing — right now. Any more is mandlin and shows a lack of sincerity.

Second, he must insist that impeachment proceedings begin immediately, on the assumption that he can ride them out. This show of confidence would reinstill con-

fidence in his followers. Third, he must try to lift himself and his administration above partisan politics and tend to the nation's business. Let's see if his famed ability to compartmentalize is still

functioning.

Last, if he is cleared by the Senate, he must shed his hitterness as well as his sanctimonious airs and ways, and spend his last two years working to he president of all the people. It won't work, but it is worth a try.

Alan Brinkley, a history professor at Columbia University:

President Clinton's recent, overdue acts of contritioo may help, but they will not be enough. He needs to convince the public and the Congress that the private behavior described in the Starr report, tawdry and embarrassing as it is, remains fundamentally different from the abuses of official power



peachment of public officials.

Merely avoiding impeachment will not restore the moral and political authority the president has lost. He needs to remind the public why it voted for him — not for his personal morality, which most Americans have always considered flawed, but for his intelligence, his empathy and his ability to articulate the concerns of ordinary citizens.

William F. Buckley Jr., editor at large of the National Review:

As a mechanical matter, Presideot Clinton needs only to contrive not to be impeached and convicted. To reclaim the that have traditionally been the grounds for 'presidency in the eyes of the public, he

oceds to do not much more than what he has been doing to effect his high public approval. This will require continuing orchestration of the post-apology White House oratorio as well as adroit interventions hy his courtiers and loyalists. They will take such advantages as can be takeo from ambiguities, whether of witnesses or constitutional advantage or Magna Carta.

But to reclaim the presidency in any comrehensive sense would require a change in Mr. Clintoo's character. Can he do that? It's doubtful: his lapse wasn't an aberration, it was a systematic, deliberated violation, during 18 months, of elementary codes of pro-

fessional and personal honor. The New York Times

LETTERS TO THE EDITOR

• What Now for Clinton?

The global economy, terrorism, foreign policy, U.S. Social Security reform and many other issues require strong and sensible presideotial guidance, with complete concentration.

Maureen Dowd ("Yes, It's Cheesy, but Not Enough to Lose the Presidency," Opinion, Sept. 1-1) may be right in saying that the Starr report is oothing more than a bodice-ripper" and provides little evidence for impeachment.

However, for the benefit of the country and as a patriot, President Bill Clinton should step down instead of limping through another two years as an emharrassed and powerless leader with no cred-

> MAURICE JOHNSON. Frankfurt.

It all boils down to a consensual on Mr. Clinton's management of the people's affairs. He is doing a tremendous job of running the Starr's pornography on the Internet country. We Americans are not going to let a gang of moral masqueraders overthrow the best president we have had in 35 years.

STEVEN WEBSTER. San Raphael, California.

If Mr. Clinton has any honor and is truly ashamed and contrite be will put the nation's best interests above his own. However, that may be too much to expect from an adulterer, liar and draft-dodger.

HAL OZKAPTAN. Heidelberg, Germany.

The United States is a laughingstock, not because two adults entered into a mutually agreed

sexual matter having on bearing cause the male lied about it like any must be impeached. gentleman would do, but because the Congress published Kenneth for the whole world to read.

KAREN STETTING. LAUGE STETTING. Copenhagen.

In deliberating upon President Clinton's fate we should keep in mind a principle of Roman law: 'Summum ius, summa iniurio.'' Taking justice to extremes results in extreme injustice. LESLIE CROXFORD.

Madrid.

America has been shamed and humiliated before the world by Mr. Clinton's disgusting conduct. A man so self-absorbed - to the exclusion of all else - cannot lead.

sexual relationship, and not be- He must resign. Failing that, he BARBARA MESKILL

> Where is the judiciary to step in and protect a man from having his private affairs spread before the world? Hopefully, Mr. Clinton will survive. Will the Republicans? JEAN BALL KOSLOFF.

Hihon Head, South Carolina.

Jerusalem, The president should be eased from office into the care of an

anderstanding psychiatrist. CARY WELCH

Warner, New Hampshire, Mr. Clinton should take care of his family and let Al Gore take care

of the nation. Americans will be fine if this president steps aside. WENDY HUNSAKER. Aberdeen, Scotland.

Itwas 6:22 P.M. GMT, Sept. 11, 1998. (One would have thought it was 1969 and Neil Armstrong was about to set foot on the Moon.) The Starr report was out. One giant, disgusting leap for mankind.

MLADEN ANDRUASEVIC. Beersheba, Israel.

Europeans remember the sacrifices of a strong America in two world wars and are horrified by the current self-destructive behavior. We would have strongly preferred the Stars and Stripes without this particular Starr.

JENS OVERØ. Lyngby, Denmark.

Congress should vote on a motion of censure tomorrow, close the case and get back to work. JAMES WIMBERLEY. Strasbourg.

Back in Customer-Land And Feeling Bewildered

By Richard Pells

world is becoming Americanized undergraduates navigate through has not spent much time in Americanized a sea of choices. In a European ica. Returning to the United States after a year in Germany, I feel as if I have entered another galaxy.

Nowhere are the differences more conspicuous than in the elementary details of daily life. It is

MEANWHILE

physically easier to live in America, and not just for those with two cars and a house in the suburbs. I often wondered in Europe

No person could have attended many of the universities I saw, or lived in most of the apartments I encountered, if they could not climb several flights of stairs. Able-bodied people thought nothing of hauling groceries to their sixth-floor walk-nps. They are ac-customed to living with hardships that only the most destitute Americans tolerate.

If life is less arduous in America, it is more bewildering. Especially when, as a consumer, you are confrooted incessantly with choices. Walk into an American supermarket. Its shelves groan with a cornucopia of products: a half dozeo types of lettuce, an infinite selection of potato chips and so many hrands of cereal that one is paralyzed with indecision. Or try to decipher which tele-

phone service is best for you. It takes a mathematician to figure out, amid the barrage of advertisements from long-distance tele-phone companies, the cheapest way to phone someone in the oext county. Chonsing among the various options offered by the local service is even more baffling. Do 1 want call blocker, call forwarding. call return, call waiting, caller ID, call notes, or anonymous call rejection, the operator taking my order asks? Europeans, still awaiting the consequences of telephone deregulation, have no idea how

complicated competition can be. In America, everyone is a customer, even university students. In my department, there are 60 historians, each offering two courses a semester, which makes the course catalogue as labyrinthine as a shopping mall. The administration has opened a glistening new "student service" huilding,

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THEIR MARKET SHARE

IN THE FOOD INDUSTRY.

A USTIN, Texas — Anyone staffed by advisers, degree-check-abroad who fears that the ers, and therapists, all there to help undergraduates navigate through nniversity, hardly anyone thinks that students need assistance. much less a building in which such services are dispensed.

Meanwhile, the newspaper lists 47 movies of every conceivable genre now showing on local screens. Few of these films are likely to be exported, which is why people abroad are unaware of the extraordinary diversity of American film-making and the array of selections available to

American audiences. You need lots of movies to take your mind off the current turmoil on Wall Street. But here, too, the

Americans are free to decide, even when they'd rather not.

American investor is faced with a variety of decisions, and befuddled by experts on television hrimming

with contradictory advice. In America, no one chonses for

you, which is both liberating and terrifying. This is the sort of freedom from which European gov-ernments still protect their cit-izens. There is, however, one determination Americans would prefer not to make.

Strange as it seems to foreigners, the prospect of impeachment is now a subject of serious discussion. Boh Woodward and Carl Bernstein re-emerge on television shows, reminding everyone of Watergate. Peter Rodino, who chaired the House Judiciary Committee that voted articles of impeachment against Richard Nixon, returns to reminisce. It is as if Americans are spellbound in a movie theater, watching a double feature of "All the President's Men" and "Wag the Dog," Reluctantly and help-lessly, they are witnessing again the collapse of a presidency.

The writer, a historian at the University of Texas, is the author of "Not Like Us: How Europeons Have Loved, Hated, and Transformed Americon Culture Since World War II." He contributed this comment to the International Herold Tribune.

BOOKS

THE VOYAGE OF THE

NARWHAL By Andreo Barrett. Illustrated. 399 pages. \$24.95. W.W. Norton & Co.

Reviewed by Michiko Kakutani

two abiding concerns in her work to date: the mysterious Shelley's 'Frankenstein' and allure of science and the equally mysterious bonds of

ries: The story's extreme conditions and harrowing expe-

Melville's "Mohy-Dick."

sentimental resolutions. riences, which make for such are two compelling heroes; gripping reading, are actually Erasmus Wells, a middle-

his bitter experience of an

and make sure that he returns home safely. rich, pictorial description and land to the perilous waters the Arctic. or assume that tingling suspense. Only in the near the pole) and the crew's Zeke is dead and try to take is an adventure story in the novel's final pages does subsequent travels through the advantage of the opportunity way that Conrad's "Lord drama give way to melodra-

moral and spiritual tests that aged naturalist who hopes to **BEST SELLERS**

strip away the characters' use the voyage of the Narwhal increasingly moody and antopublic masks and expose their to vindicate himself, to erase cratic. It seems that he is not On its simplest level, "Nar- earlier journey to the Arctic; he has collected from the lo-

> himself as an unconfidant loner, Zeke, certain of the devotion of Lavinia (Erasmus' ing home, Erasmus promises dwindling supplies of food. Lavinia that he will keep an eye on the impetuous Zeke,

(from Philadelphia to Greensuperb joh of conjuring up the hermetic life on board a ship, and the magic and terror of the Arctic. Combining a naturalist's eye with a novelist's imagination, she gives us descriptions of the polar regioo reminiscent at once of the

rative of A. Gordon Pym." has reached the polar waters, to coovey her psychological made hazardous by icebergs insights into her characters, and shifting pack ice, there her understanding of the fickle are portents of yet more trou- role that chance plays in ble to come. The sled dogs people's lives, and her apprehave died of a mysterious ill- ciation of the unaccommodness, and one of the sailors ated power of nature. She has has succumbed to lockjaw. written a powerful and grip-The crew has split into fac- ping - if flawed - novel tions, and Zeke has grown

content with the information cal Eskimos about the missing explorer, he is determined to push ahead, even as winter closes in to try to discover what he believes is an opeo (that is, ice-free) polar sea.

His ambition has terrible costs: it leads to at least one more death and causes incalculable suffering to the rehemmed in by ice on all sides, the Narwhal is unable to return home, and the men are sister), comes across as a forced to spend an eotire charming rake. Before leav- winter in the arctic with

Months later, when Zeke leaves on foot and fails to return. Erasmus is faced with making a fateful decision: 10 In narrating the long, haz-ardous journey of the Narwhal the prospect of making the crew spend a second winter in

In the last few sections of 'Narwhal,' Barrett's plot-

ting gives way to a flurry of increasingly contrived events that seem to belong more to a big Hollywood movie than to the foregoing portions of the real-life wonders chronicled novel. Although these devel-by Barry Lopez in "Arctic opinents make "Narwhal" Dreams" and the metaphysical landscape of Poe's "Nar-work than it means to he, they work than it means to he, they do not tarnish Barrett's very By the time the Narwhal real achievements: her ability New York Times Service



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familial love and resentment

gifts for extracting high drama from the complex reveal their fundamental natures. Indeed, "Narwhal" lim" and "The Nigger of the matic contrivance and genu-Narcissus' are adventure sto- ine moral dilemmas to easy,

innermost drives and fears. whal" is the story of a fic- and Zechariah Voorhees, tional 1855 expedition to the Erasmus's brother-in-law-to-

Arctic to look for a missing be, who hopes to win glory explorer who disappeared a and fame as commander of the decade before, an expedition Narwhal expedition. With Narwhal," Andrea eral men and warp the lives of more different. Erasmus is Barrett — the winner of the others with roemories of guilt shy, cautious and introspect-1996 National Book Award and anger and horror. On an- ive; Zeke is charismatic, for "Ship Fever and Other other level, it is a story of cocky and impulsive. Eras-Stories"— has given us an scientific hubris and sheer pig-mus, still mourning the death mainder of his crew. Caught old-fashioned 19th-ceotury headed amhition, a story of the woman he loved, sees in the freezing water and novel that brings together the meant, in some ways, to recall

Does the immensely talented Barrett succeed in ful-Like "Ship Fever," "Nar-filling her own large amhi-whal" showcases Barrett's tions? The answer is: up to a point. For three-quarters of her tale, she does a masterly world of science and natural joh of weaving her philosophhistory and for placing her ical subtext into a glistening characters in situations that coarrative, crammed full of

At the center of "Narwhal"

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House Republicans Move

Committee Members Debate Grand Jury Testimony

that he bolted from his chair in the White the material, which includes more than 2,000

mation that would harm innocent parties.

ness tampering and abuse of power.

The full House voted Friday to give the

Judiciary Committee until Sept. 28 to review

pages of appendices to the Starr report. The debate Tuesday appeared to signal that the panel would move much more quickly than

In addition to showing Mr. Clinton's anger,

Mr. Clinton has been criticized by members

Leading Democrats have asked him to drop

Although lying and the legal notion of

rr's assertion that Mr. Clinton perjured

perjury are not always synonymous, Mr.

himself before the grand jury is one of the

gravest of the charges that could lead to

grich, speaker of the House, said Tuesday that

when the House finished its legislative busi-

would mean the House could be

ness in October it would not formally ad-

summoned back if necessary.
In another development, 26 congresswo-

men met Tuesday with Hillary Rodham Clin-

ton and later expressed solidarity with the

meeting, and the sisterhood said that women

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Meanwhile, Representative Newt Gin-

of both parties, and mocked on late-night

television programs, for what has been called

sexual relations with Ms. Lewinsky."

his legalistic denial of having had sex.

that line of defense.

By Brian Knowlton

nemational Herald Tribune

WASHINGTON - Partisan fury erupted

House committee appeared ready to override released in its entirety.]

Tuesday on Capitol Hill as Republicans on a

the strenuous objections of Democrats and

President Bill Clinton's grand jury testi-

During the Aug. 17 testimony, Mr. Clinton is reported to have become so angry with

prosecutors' detailed questions about his sexual relationship with Monica Lewinsky

House Map Room and did not return for an

Republicans on the House Judiciary Com-

mittee, which is reviewing 17 boxes of ev-

idence from the independent counsel to de-

termine which parts to release, pushed to

make the tape public this week.

The president's spokesman, Michael McCurry, urged the House panel "to employ the

video in a responsible way so that it doesn't

would attempt to prevent release of the tape,

Mr. McCurry said the president had no legal

Democrats strongly protested the plan for a quick release, saying a transcript of Mr. Clinton's testimony would suffice. They fear that snippets of the tape — reportedly showing

several flashes of anger by the president -

would make their way onto television and into

Republicans' campaign ads before the Nov. 3

Representative Marty Meehan of Mas-sachusetts said on CNN that Republicans

seemed to have a "game plan" about dealing

with the evidence: "They're just going to

release it all and not have a bipartisan de-

But a Republican member of the com-

did not find anything that we should with-

An Arkansas Republican, Representative Asa Hutchinson, said that the committee

might meet in executive session Wednesday

or Thursday to authorize quick release of the

ing to The Associated Press on condition of

anonymity, said the two parties had an in-

videotage and other information.

mittee, Steve Buyer of Indiana, said he had seen the tape of Mr. Clinton's testimony, "I

[A House Democratic staff source, speak- Clintons.

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formal agreement not to release additional know what's right, said Representative sexually explicit material, information on Sheila Jackson-Lee of Texas.

DEMOCRATS ABROAD

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not block the will of the majority party.

They conceded, however, that they could

capacity to block it.

hold," he said.

When asked later whether the White House

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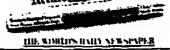
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THE AMERICAS



Henry Hyde, the Illinois Republican who is chairman of the Judiciary Committee, leaving a committee meeting after reviewing misconduct charges presented against President Bill Clinton.

PENTAGON: Military Has Kept Mum on Clinton Scandal

Continued from Page 1

the videotape would depict the instances in which Mr. Starr asserts that Mr. Clinton lied public to a kind of "don't ask, don't tell" policy when it comes to their ale in general," the retired officer views of Mr. Clinton's predicament. said. "I think the effects on the milviews of Mr. Clinton's predicament. These include the assertion that he did not Asked Monday if he still had conunderstand oral sex to constitute sexual reladons, and also his denial of having touched fidence in the president following the Ms. Lewinsky's breasts or genitalia.

The segments likely to find their way onto release of the report of the independent counsel, Defense Secretary William Cohen offered a curt, onetelevision, if released, include the president stating: "My recollection is that I did not have sentence reply

'I believe the president is capable of carrying out his responsibilities as commander in chief, yes," Mr. Co-

Mr. Cohen has maintained a strict reserve about the scandal since it broke in January. As the only Republican in the cabinet, and also a former member of the House Judiciary Committee that voted impeachment articles against President Richard Nixon, his views on the controversy would carry particular

But throughout the winter and spring, Mr. Coben avoided making the kind of unqualified statement of belief in Mr. Clinton's innocence that other cabinet colleagues did. This would allow the Judiciary Committee to continue its inquiry — which he said would take "several weeks" — after the election Even after last Thursday's emotional cohinet session, in which the president apologized for his behavior and pleaded for forgiveness, Mr. Cohen

said nothing publicly.

By contrast, Mr. Clinton's behavior has been a prime topic of private discussions in military circles for months, much as it has in civilian society. Many in uniform have been quick to note that if Mr. Clinton were a service member, he certainly would be facing a court martial on multiple charges and likely eviction from the military for violating fundamental precepts of fidelity and integrity.

But the president is not subject to the Uniform Code of Military Justice

that governs his troops. This has led to other expressions of resentment by some service members about a the more acute by the string of adultery and other sexual misconduct cases that have roiled the military in recent years.

"Most of us who've been in the leadership husiness for a long time are absolutely astounded by the cur-rent situation," said a recently retired senior military officer. "If a military leader does something that causes him to lose credibility and

"It's clearly had an effect on moritary have been long-term and per-

Mr. Clinton's relations with the military, strained initially when he ran for the presidency amid con-shown a continued ability to deal troversy over his effort to avoid ser-with national security issues and fovice during the Vietnam War and cus on whatever business is at hand. later over his support for accepting "We're precluded in some ways homosexuals in military service, had actually improved before the Lewinsky scandal, according to many inside and outside the Pentagon. He had impressed military commanders with his grasp of defense subjects and had connected easily with troops during visits to military bases.

"I thought the military had made its peace with Clinton as commander in chief," said Andy Bacevich, a former army officer and now professor of international relations at Boston University. "But the sexual scandal walks us back to the earlier day's of contempt."

All of which has put top defense esting meeting."

integrity, the guy's dead as a lead- officials in a particularly difficult position in trying to serve both the president and the troops. Rather than

make any attempt at advising service

members on how to regard Mr. Clinton's problems, the Pentagon's ci-vilian and military leaders have limited their remarks in recent months to stressing how the president has shown a continued ability to deal

from talking about our superiors," said one senior military officer. "It just isn't in our culture to judge the president." Whether or not Mr. Clinton dis-

cussed his difficulties during his meeting Tuesday with the generals and admirals, several who planned to attend said they did not expect him to apologize as he did to the cabinet.

Dealing with the cabinet was a little different than dealing with us, in that he made oo assertions to us other than what he made to the public," one general said. "But I don't know. It should be a really inter-

Lewinsky Inquiry Cost \$4.4 Million

WASHINGTON -- The investigations of President Bill Clinton's sexual relationship with Monica Lewinsky will cost taxneth Starr has provided that figure spent over the past eight months lion over four and a half years. investigating the relationship and

alleged cover-up.
"It's the duty of the Senate to discuss the costs that have been insky-related costs, including: borne hy the American people as result of a calculated deception hy the spending estimate from the in-

dependent counsel.

At the senator's request, ivii.

Starr's office calculated the costs grand jury.

• \$884,000 on contractual and tween Jan. 15, the day his office consultant services.

and Aug. 31.
The figures do not include the costs its Washington office or its Arkansas office incurred investipayers at Jeast \$4.4 million. Ken-gating other matters during the same period. The other aspects of as the preliminary estimate of what the Whitewater investigation his independent counsel's office already have cost about \$40 mil-

Mr. Murkowski's office said Mr. Starr had provided estimates for several categories of the Lew-

•\$1.86 million on personnel who worked on the inquiry. Many Murkowski, the Alaska Republi- far more than 40 hours a week were can who requested and received not allowed to file for overtime.

• \$950,000 on travel, which included witnesses who came from At the senator's request, Mr. as far as Tokyo to testify before the

Mr. Starr's office declined to got permission to expand the Mr. Sta Whitewater investigation to in-comment.

CLINTON: He's in a Tight Box

Continued from Page 1

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actions that in effect amount to crimes. Such an admission could basically give Republican lawmakers the rope with which to impeach the president and Democrats little choice but to go along or look as if they were defending an admitted lawbreaker.

"What they want us to do is help make it go away, but I'm not sure the course they're recommending is going to make it go away as quickly as they like," a senior White House official, who is not on the legal team, said Monday, referring to Democratic congressmen.

If he drops the mumbo-jumbo, he's in jumbo trouble," said Leonard Garment, who served as President Richard Nixon's White House counsel during Watergate. "He weakens his position to deal because then he has no position other than to bend his neck to the exert ecutioner's ax."

Moreover, the Starr investigation remains a live problem for the president. Although Mr. Starr has so far decided that it would not be wise to indict a sitting president, he has not absolutely rejected doing so, and the law is unclear as to whether such an action is allowed.

While an indictment has been considered only a remote possibility, legal experts said Mr. Starr's office might pursue that if Congress concludes that Mr. Clinton committed crimes but that they did not require removal from office.

In addition, nothing would prohibit Mr. Starr, if he chose, from indicting Mr. Clinton after he leaves office for crimes arising from his relationship with Ms.

"This is a classic example where there's a conflict between what a good lawyer's advice is to a client to limit a client's future criminal exposure and good political advice," said a University of California at Los Angeles law pro-fessor, Peter Arenella. "It's easy for a Democratic congressman to say 'fess up to committing the crime of perjury and I'll just slap your wrist for censure. They're not the ones who might face future criminal prosecution, much less the stigma of admitting to a significant crime.

Similarly, the Democrats are in the minority in Congress, which will decide on impeachment.

'Common sense says that there are' risks involved in dropping the legal defense in a way that is an admission" of criminal wrongdoing, said John Bates, a former deputy independent counsel for Mr. Starr. 'If they can find a way to drop the hair-splitting but still not put themselves in that corner, then that's a good idea for them to do."

The fundamental problem for the president appears increasingly likely to be his grand jury testimony Aug. 17. Lawmakers appear inclined to treat lying before a grand jury more seriously than lying in a civil case - Paula Jones's sexual harassment lawsuit, in this instance — particularly one that is later dismissed. And while Mr. Clinton could argue that he simply panicked and made a bad decisioo not to tell the truth when he was surprised by Ms. Jones's lawyers in his Jan. 17 deposition, he had months to prepare for what to tell the grand jury --- so that any misstatements were know-

ing and deliberate.

Mr. Starr's report offered what a number of legal experts said they considered a strong case that Mr. Clinton did not tell the truth during his grand jury appearance. Even granting the president's counterintuitive and tortured reading of the definition of "sexual relationship used hy Ms. Jones's lawyers, Mr. Clinton faces the difficulty of defending the truth of what the Starr report described as his "implausible," "hands-off" re-

lationship with Ms. Lewinsky.
A Columbia University law professor, Gerard Lynch, said that the quandary facing the president was inherent in the independent counsel statute and the broader criminalization of politics.

"If we're going to put our political leaders in a position where they're going to have to conduct their lives like suspects in criminal investigations, then we president "is not going to waste one shouldn't be surprised they conduct their vote on Capitol Hill on anything has lives as the subjects of criminal investigations," he said. "The president is in for the IMF and heavy oil for North
Korea are 'not popular issues," Mr.
Clark said, "I'm not sure that he
would work for it even though it
would make him look presidenit's hard to act presidential."

ASIA: Clinton's Ability to Address Problems Is Questioned

ctary Fund, and he has banned the

Malaysian ringgit from internacional

'Mahathir might have a gleeful

Analysts believe that Mr. Clinton

will not bring much to the table on a

primary topic of discussion in

APEC: the policies of the IMF in its

bailouts of the economies of Indone-

amid the scandal over his relation-

ship with a former White House in-

sia, Thailand and South Korea.

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Continued from Page 1

it was supplied with light-water nuclear reactors and, until the reactors are built, oil to fuel power plants. Han Sung Jon, a former South Korean foreign minister, agreed, saying Mr. Clinton "is in a com-

promised situation. He won't be as feeling." Mr. Han said. aggressive or assertive. Asian leaders will feel less intimidated." Asian officials prefer not to speak

publicly on such questions. But experts here, who are routinely in contact with Asian counterparts and colleagues, see Mr. Clinton's influence with Congress as a top concern as Mr. Clinton is pushing for \$18 hillion in additional U.S. funding for the IMF, but the House of Representatives has approved only \$3.4 hillion. Some experts doubt that leagues, see Mr. Clinton's influence sible impeachable offenses. In addition to security issues, par-

ticularly North Korea's recent missile launch over Japan, the region's broad and deep economic crisis is at the heart of their anxiety. Will the United States remain fully engaged in both areas?

Koreans have been asking me that question," said Mr. Gallucci, who is now dean of the Georgetown University School of Foreign Service and was in Seoul as co-chairman of a conference sponsored by the Foreign Ministry. crisis is something the president can rise to, whether it concerns Libya or Iraq or Iran. It's the persuasion part that's an issue.

How much influence Mr. Clinton retains among Asian leaders is likely to be a backstage topic at the gathering in mid-November of leaders of the Asia-Pacific Economic Cooperation nations, including the United States, in the Malaysian capital of Kuala Lumpur. The summit meeting occurs just after the U.S. congressional elections. The setting will provide

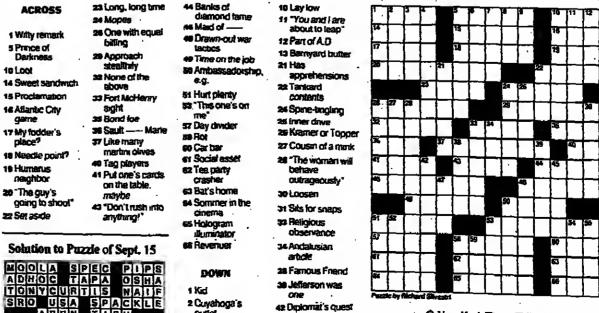
several curious twists. Prime Minister Mahathir hin Mohamad of Malaysia recently dismissed his deputy prime min-Anwar Ibrahim, charging, among other things, that Mr. Anwar had engaged in improper sexual conduct

(Mr. Anwar has denied this). Mr. tern, Monica Lewinsky, Mr. Clinton Mahathir has also been a bitter critic will be fighting for anything on Capof Western capitalist precepts as itol Hill except his own efforts to enunciated by the International Mon- avoid impeachment. "Everybody is going to say that

this is not going to distract him," said William Clark Jr., former assistant secretary of state for East Asia and the Pacific who was appointed by President George Bush. "But of course it does."

Mr. Clark, now president of the Japan Society in New York, said the

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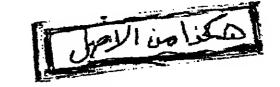
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INTERNATIONAL

Congo Rebels Deny Report of Attack

GOMA, Congo — The Congo rebel commander. Jean-Pierre Ondekane, denied Tuesday that the insurgents were facing a general offensive by govern-ment troops and their allies in the eastem part of the country.

Sources in Kinshasa said that the govemment troops and allies were attacking Kalemie in the southeast and were nearing Kisangani, which is held by the rebels, in the northeast. The government forces, which last

month received military support from Angola. Zimbabwe and Namibia, were also said to be "at the gates of Goma," the rebels' eastern stronghold on the border with Rwanda.

But Mr. Ondekane said in Goma that

the fighting supposedly taking place be-tween Kisangani and Lubutu, some 200 kilometers (120 miles) southeast of it,

The insurgents repulsed them after a

does not exist." He dismissed assertions by the government that its forces had captured

Lubutu, saying that a plane was about to leave Goma to take supplies to the rebels there. He added that the rebel forces had pushed on past Lubutu to the village of

"Kalemie is calm," he said, adding that the rebels were now at the village of Viura, about 50 kilometers sonth of Kalemie in the mineral-rich province of

The rebel commander said that his insurgents were at Kibumba, a village about 25 kilometers north of Gorna, pur-

six-hour battle. Late Monday, Mr. Ondekane exhibited prisoners dressed in civilian clothing.

Rwanda's vice president, Paul Kagame, said meanwhile that Rwandan proops had repelled an attack by Hum fighters near the border town of Gis-

eny.

The attack was part of the same operation as the Hutu raid on Goma.

Mr. Kagame accused Congo's president, Laurent Kabila, of training Hutu forces based in eastern Congo and warned that Rwanda "will not sit by and watch while Congo destabilizes us."

BRIEFLY

Kenya to Try Man In '88 Tourist Death

NAIROBI - A magistrate ordered Tuesday that a former game warden stand trial Sept. 29 on charges of having murdered a British tourist, Julie Ward, in 1988.

"There is sufficient evidence to charge the accused for murder," said Magistrate Uniter Kidullah. She said that Simon ole Makallah. and others not present, had been accused of murdering Miss Ward in the Maasai Mara Reserve. (AP)

Separatists Win Key Vote in Quebec

SHERBROOKE. Quebec -Separatists in Quebec have scored an important victory, winning a Parliament seat vacated by the man trying to lead anti-separatist forces

to power.
The by-election victory of Serge Cardin of the Bloc Quebecois could encourage Quebec's separatist premier, Lucien Bouchard, to proceed relatively quickly with a provincial election.

That vote must be held by the fall of 1999, but Mr. Bouchard is expected to call the election either this fall or next spring.

The by-election was for the Sherbrooke parliamentary seat held since 1984 by Jean Charest, a popular anti-separatist who quit federal politics last spring to lead the effort to unseat Mr. Bouchard.

UN Nominee Discloses Gift, **Raising Question of Conflict**

By Philip Shenon
New York Times Service

WASHINGTON - Richard Holbrooke, the veteran diplomat whose nomination as chief U.S. delegate to the United Nations has hit a snag, amended his financial disclosure statements to reflect a gift worth more than \$12,000 in lodging from a former U.S. ambassador to Switzerland, Mr. Holbrooke's lawyer

said Monday. Clinton administration officials said his initial failure to list the gift on his disclosure statements to the Office of Government Ethics did not pose a threat to the nomination of Mr. Holbrooke, the architect of the 1995 peace agreement that ended the war in Bosnia.

On Monday President Bill Clinton again voiced support for the nomina-tion. "I hope, if we can overcome the inertia of Congress, he will soon be a member of the team again," Mr. Clinton said in a speech in New York.

Still, the relationship between Mr. Holbrooke and the former ambassador, the late Larry Lawrence, may prove to be an obstacle.

Mr. Holbrooke, the former ambas-sador to Germany, lived in the Washington home of Mr. Lawrence and his wife. Shelia, for more than a year after he returned from Germany in 1994 to take up the post of assistant secretary of state for European and Canadian affairs. The Lawrences, who were then in Switzerland, did not charge Mr. Hol-

Mr. Lawrence gained notoriety after his death in 1996 when it was discovered that he had fabricated a heroic else."

World War II military record that had, with Mr. Holbrooke's support, allowed him to be buried at Arlington National Cemetery. His remains were exhumed last year as a result of the controversy.

An adviser to Mr. Holbrooke, requesting anonymity, said that the investigators may be studying whether Mr. Lawrence, while ambassador to Switzerland, helped Mr. Holbrooke obtain his current job as vice chairman of Credit Spisse First Boston, the investment banking company controlled by Credit Suisse, the giant Swiss bank. The adviser said that in fact Mr. Lawrence "had nothing to do" with Mr. Hol-

brooke's employment, While Mr. Clinton had intended to demonstrate support for Mr. Holhrooke on Monday in his speech to the Council on Foreign Relations, his remarks may have done more harm than good.

His remark about "the inertia of the Congress" drew an angry response from Senator Jesse Helms, Republican of North Carolina and chairman of the Foreign Relations Committee, which would review the nomination.

"We fail to see how inertia in Congress is to blame for keeping Mr. Hol-brooke from the UN post," a Helms spokesman, Mark Thiessen, said in a statement. "President Clinton never actually nominated Holbrooke to the UN post and failed last week to meet a Sept. 10 deadline for getting his paperwork to the Foreign Relations Committee." "But then we shouldn't be sur-prised," Mr. Thiessen continued. "It's

par for the course for this administration to blame all of its troubles on someone

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INTERNATIONAL

Israel Hopes Arrow-2 **Can Protect**

But Skeptics Take Aim At New Missile Killer

By Lee Hockstader

JERUSALEM - When Israel staged a successful test launch of its supersophisticated Arrow-2 missile this week, people here cheered and marveled at the astonishing technical prowess of the country's latest military coup.

Here was a supersonic specimen of "star wars" weaponry built to do what the American Patriot missile could not do in the Gulf War — reliably shoot down incoming missiles at speeds up to two miles per second traveling 10 or 25 miles above the earth's surface, it was, said the Arrow's backers, like designing

"a bullet that could hit a bullet." larations of success that contained a warning to regional enemies such as Iraq, which fired 39 Scud missiles at Israel during the Gulf War, and Iran and Syria, which have developed missiles of their own designed to reach Israel.

Yesterday was o bad day for haters of Israel," an unnamed defense official told the Israeli daily Ha'aretz, speaking of Monday's test in which an Arrow prototype destroyed a computer-simulated target over the Mediterranean after a 97-second flight.

The Arrow is expected to be fully operational in less than a year after un-dergoing further testing. But its glowing reviews obscure a long-standing debate within the defense establishment about how Israel should counter the growing missile threats posed by its Middle Eastern adversaries. And some Israelis wonder if the Arrow - funded jointly with the United States at a cost of \$1,6 billion - is really the answer to the country's

For skeptics, the question is whether the cost and effort invested in developing the Arrow, a fundamentally defensive system, has detracted from Israel's ability to prevent a missile attack io the first place. Israel's emphasis from now on, some specialists believe, should be on beefing op its heaviest weapons, including its presumed arsenal of ouclear weapons, and ensuring they can survive and be used to retaliate.

Among the strategic fraternity in academia and the Defense Ministry, some experts question the hype surrounding the Arrow given that - as any weapons system - it is unlikely to be 100 percent

"Syria has 26 launcbers and can fire 26 missiles in one batch," said Yiftah Shapir, an analyst with the Jaffee Center for Strategic Studies at Tel Aviv Uni versity. "And one battery of Arrows would have a very difficult time protecting the country. If we are speaking about nuclear weapons, then unless you have 100 percent protection you have no protection at all. Without 100 percent protection we have to go back to second ine of defense, which is deterrence. That's lousy, but it's all we have."

Other analysts see the Arrow as a key step in Israel's effort to keep abreast of the missile race in the Middle East.

Duncan Lennox, editor of Jane's Strategic Weapon Systems, said, "The lesson of war indicates that for the government to be shown to be making some effort to protect the population is what is

required by the people."
Nobody expects 100 percent detense. If they could hit three-quarters of the incoming mussiles that would be extremely good and very valuable."

Missile defense is not an abstract subject in Israel. In the 1991 Gulf War, fragi Sends hit neighborhoods of Tel Aviv. Israel responded with American Patriot missiles, which were designed to shoot down airplanes and not missiles, and they were largely ineffective in knock-

ing out the Scuds.

The psychological trauma of missiles raining down on Tel Aviv, coupled with Iraq's more recent defiance of United Nations sanctions, injected a new urgency into the Arrow's development. So did Iran's new Shihab-3 missile, which was successfully tested this summer and is expected to have a range sufficient to

"We have a visible arms race," said Gerald Steinberg, a member of the Becio-Sadat Center for Strategic Studies at Israel's Bar Ilan University. "And there is an overall debate over what the future balance should be" of Israel's strategic

response.
Mindful of the debate, Prime Minister Benjamin Netanyahu announced Tuesday the Israeli cabinet approved Sunday a "sacrosanct" 10-year funding program "geared for one thing: to give a strategic answer to this threat." Without going into details, he stressed that Israel would develop both its defensive and deterrent capabilities.

Consumers Will Feel the Pain as U.S. Health Costs Go Up

By Amy Goldstein

WASHINGTON - The respite from rising medical bills that consumers have enjoyed for several years is coming to an end, according to a new federal study that concludes that the country's spending on health care is likely to double over the oext decade, to \$2.1 million.

Costs started accelerating this year, according to the study, primarily because the nation already has derived most of the savings to be had from an enormous transformation in health care that led most Americans into health maintenance organizations or other managed-care plans.

The analysis found that expenditures also are being nudged upward by patients' increasing use

greater freedom to choose doctors and visit medical specialists.

"It's the first major report that shows clearly that those who felt managed care would solve the health care cost problem forever were living in a fantasy world," said Drew Altman, president of the Henry J. Kaiser Family Foundation, which sponsors health care research.

The forecast, prepared by economists in the Department of Health and Human Services and published Monday in the journal Health Affairs, suggests that medical inflation is unlikely to be as rampant as it was during the late 1980s and early '90s. Nevertheless, the amount of money the

On a national scale, greater spending means that health care, already a dominant and treacherous political issue, is likely to remain a force in elections and budget decisions. On a personal level, higher costs will translate into higher insurance premiums for employers and families.

Already, there is evidence that insurance prices, relatively stable for the past few years, are starting to climb. Last week, the Office of Personnel Management announced that premiums for federal health insurance would increase by an average of 10.2 percent oext year, the biggest jump since 1989. Similarly, California's Medicaid program, one of the largest purchasers of insurance in the country spends on health care, as a percentage of country, recently abandoned its refusal to pay

of expensive prescription drugs, their enrhusiasm gross domestic product, will increase sharply from for new medical technology and their demand for 14 cents of every dollar to 17 cents by 2007.

Higher premiums and agreed to grant one of its main HMOs, Kaiser Permanente, a 10 percent.

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'That's a signal that the same thing will happen with other plans," said Paul Fronstin, a researcher at the Employee Benefits Research Institute.

The study predicted that premiums on private insurance would be climbing at 8.2 percent annually by 2007, compared with 3.6 percent in 1996. Rick Foster, chief actuary for the division that prepared the analysis, said that it was difficult to predict the degree to which companies would bear the higher premiums or simply say "pony to their workers.

In this period of low unemployment, the study noted, companies are more likely to absorb the costs because they must attract scarce workers.

IRAN:

Readying for Taleban

Continued from Page 1

Israeli military men issued steely dec-rations of success that contained a radio has repeatedly broadcast instruc-arning to regional enemies such as Iraq, tions from commanders that civilians in Bamian should not be harmed.

But international aid workers say it has been difficult to verify what is taking place in Bamian, in large part because UN per-sonnel and most other foreigners left Af-ghanistan after U.S. cruise missile strikes on suspected terrorist targets there last month provoked widespread ontrage that made their work exceedingly dangerous.

Iranian press accounts have emphasized the potential for peril faced by Shiites in Afghanistan. They make up about 15 percent of that country's population and were the dominant force in the Iranian-backed Hezb-i-Wahadat militia.

But it is the deaths of the Iranian diplomats - seven of whose bodies were returned to Tehran early Tuesday during an emotional airport ceremony - that has stirred Iranian passions, creating what Gholam-Hossein Karbaschi. the mayor of Teheran, described as "a ery dangerous time.'

onymity, said in a separate cooversation, "The honor of Iran has been damaged, and the people expect revenge.'

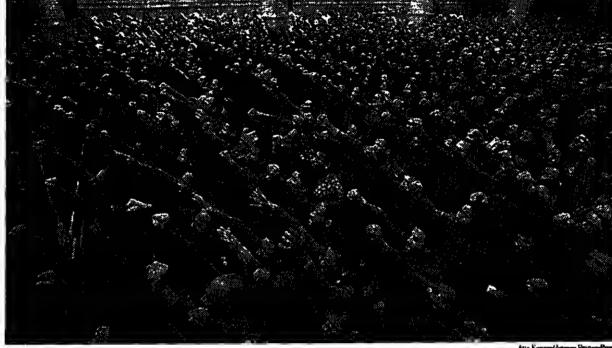
International Herald Tribune

tion on Wednesday over its plan to move foreign airlines to the Malpensa

BRUSSELS - Italy faces legal ac-

airport, 50 kilometers (30 miles) from .

that the action was discriminatory, and



Revolutionary Guards answering Ayatollah Khamenei's exhortation Tuesday in Tehran to prepare for action. Another senior Iranian official, who would speak only on condition of anof logistic and military support to the northern headquarters, and Bamian, its

opposition forces that have been trying to prevent the militia from consolidating cootrol.

Iran has long been at odds with the Taleban, and it has been a major supplier weeks of Mazar-i-Sharif, the opposition's

Italian government was likely there-fore to be legally censured when the

commission convened a meeting on

The European airlines said the Itali-

Italy has ordered the foreign air-

Travelers say it takes about an hour

ditions, to reach Malpensa by road

last remaining stronghold, Taleban forces have taken control of the airstrips and land routes that Iran used to provide its indirect support. That may rank high among the factors, Tehran-based diplomats say, that Iran appears to be contemplating some kind of direct intervention.

Ayatollah Khamenei, who had warned Monday that "very great and wide danger is quite near" in the conflict with Afghanistan, issued his call for heightened readiness in an address to senior commanders of the Revolutionary Guards, the premier Iranian fighting force. 'All officials and those in charge of the

affairs of the country, including the armed forces, must be ready for speedy, timely and forceful implementation of whatever decisions the senior political and securi authorities deem necessary," Ayatollah Khamenei said io the speech.

The Revolutionary Guards then issued a warning of its own, adding to a recent cascade of harsh words from leading Iranian institutions. It said that the Guards and the volunteer Bassiji youth militia were ready "to take the revenge of the oppressed by revolutionary force."



U.S. Threatens To Force Iraqi Compliance

WASHINGTON — The United States has a stronger military force ready a to confront Iraq than it did earlier this year and will consider using it if di-plomacy doesn't work, a senior administration official warned Tuesday.

Martin Indyk, assistant secretary of a state for Near Eastern affairs, said the UN Security Council must first decide a on a response to President Saddam Hussein's latest challenge to its authority, a freezing cooperation with UN weapons it

He also called a threat by Iraq's Par- is liament on Monday to end all cooper- a ation with UN inspectors unless the Se- i curity Council renews regular reviews of 2 sanctions against Baghdad "outrageous I and unacceptable."

"Saddam's actions have put us back on the ladder of potentially escalating ? confrontation with Iraq. So be it," Mr. 7 Indyk told the House International Relations Committee. "We will oot accept the indefinite blockage by Iraq." "Force remains an option," he said,

Meanwhile, diplomats said that the United Nations secretary-general, Kofi Annan, had made specific proposals for Iraqi disarmament to the permanent UN

Security Council members.
China, France and Russia have called for closing the files on at least two disarmament issnes, saying Iraq has cooperated fully in dismantling its capa- I bility in nuclear and ballistic missiles. s But UN weapons inspectors say that questions remain over Iraq's chemical 1 and biological weapons and that these are linked its missile capability.

Last Wednesday the council suspended its regular review of sanctions against traq, effectively depriving Bagt-dad of any hope of an early end to sanctions in place since 1990. Under UN resolutions adopted after the Gulf War, an eight-year-old oil emhargo can be lifted only when UN inspectors have certified that Iraq has dismantled all weapons of mass destruction. Compliance on broader issues is linked to other (AP, AFP)

GERMANY: Schroeder Abandoning His New Middle Strategy

Continued from Page 1

links to Malpensa.

card at hand. For some, this might seem an abrupt or troubling shift, a vanished conviction. But apparently not for Mr. Schroeder, or a potentially winning slice of the German electorate that, over the mind-set. years, has seen him move from Marxism to a seat on the Volkswagen supervisory board, from opposition to the Gulf War to condemnation of Saddam Hussein, and now -- for the time being, at least -from talk of too much statism and government intervention to promises of new subsidies and restoring old benefits.

even a little hit Tony Blair, who woo election in Britain in total control of his vast change in German life, like Mr. party and having promised virtually full acceptance of the profound changes Margaret Thatcher had brought to the full-time jobs in 15 years, could not get welfare state, job market and national

by the status quo arguments of the Christian Democrats and the Old Left reflexes of Oskar Lafontaine, the Social Democrais' party chairman, the candidate nevsubsidies and restoring old benefits.

In spite of a couple of unsophisticated comparisons, Mr. Schroeder was never early phases of the campaign.

Early Results in Bosnia Voting Held Up

EU May Censure Italy on Milan Airport

Milan, while allowing Alitalia, the an decision meant that Alitalia could

state carrier, to continue operating continue to serve its hub in Rome from from the Linate airport at the edge of Linate, putting them at a serious dis-

ne city.

Advantage in transporting passengers

Nine European airlines complained to their hubs elsewhere in Europe.

the European Commission, the ex- lines to shift their operations to Mal-

upheld their position, saying that Italy had not provided suitable road and rail and a half, under normal traffic coo-

An EC spokesman said that the from Milan, compared with a trip of

ecutive body of the European Union, pensa hy Oct. 25.

talks had broken down, and that the 20 minutes to Linate.

Wednesday.

SARAJEVO, Bosnia-Herzegovina - The Organization for Security and Cooperation in Europe said Tuesday that it had given up plans to publish early partial results of the Bosnian elec-tions, which were held over the weekend. Earlier, it had said that the first servers said they had noted some "seofficial results of the poll would be made public on Tuesday at 5 P.M. (1500 GMT).

Agence France-Presse

Barry, said the early results would not be useful at this time because they be unlikely to promote "dialogue" bethe complex election of Serbs, Crosss

At a news conference broadcast on television in Sarajevo, Mr. Barry said he did not know when more signif-icant results would be available. No one, he stressed, could say at this time who had won the elections. Earlier Tuesday, international ob-

rious" administrative problems in the elections, although they were generally freely contested and were an im-The mission chief in Bosnia, Robert provement over previous voting.

On Monday, Serbian and Croatian nationalist parties, citing data com-piled by their own polling-station obtween the ethnic parties involved in servers, boasted they had roundly defeated moderate rivals favored by the international community.

near the rostrum now.

The candidate actually might be pleased these days with his earlier obin a country where few of these reforms have taken hold, and where Mr. servation, seemingly made in regret
then, that as far as his party goes, "public opinion has yet to take on this change that shows how we've understood the omnipotent and interventionist state doesn't have its place in the current circumstances."

In Frankfurt, Mr. Schroeder tells the crowd in substance that he would increase family allowances, bring back a tax on the rich, turn around limitations on sick pay, and remove options for the middle-sized companies to cut back on

On one side he holds up as an example for scorn wealthy tax cheats who flee the country with their profits from speculation, and on the other, "the real strength of Germany, the millions of people who do their job every day -- and who have got to get relief."

"The current international crises show that nothing works without social justice," he says. "Some say the German Model is dead. Not me."

change in approach, it essentially involves "the normal polarization you always get at the end of a campaign," and a greater role in it for Mr. Lafontaine. The Christian Democrats claim flatly
He was described recently by Peter that Mr. Schroeder ran into a wail



Gerhard Schroeder discussing a setback in Bavarian voting at a news conference in Bonn. He called it a wake-up call for his Social Democrats.

supporter, as having written a new book on economics "that makes you happy there is a Schroeder and tells you why you've got to worry for him."

For a Social Democratic member of Among other things, Mr. Lafontaine Parliament, who acknowledges the has hooked onto a oco-Keynesian line that the German economy can be stimulated by the government's creating do-

Schneider, the author and Schroeder in hunting down centrist votes. The party now points as well to sup-posed signs of Mr. Schroeder's gathering weakness that include the ineffectiveness of his approximately 20 campaign appearances in Bayaria over the past months, and the similar failure of his presence to help party candidates in regional and local elections in Saxony-Anhalt and Schleswig-Holstein Here as in much reserved in the same is executable to the band of earlier in the year.

The Allensbach Institute, often described here as a conservative-oriented opinion research organization, described The New Middle as a failed concept in terms of serving as an evoc-

ative rallying point for Mr. Schroeder. In a report for the Frankfurter Aligemeine Zeitung, it found that 83 percent of its sample did not know what the slogan meant, only 12 percent thought they belonged to the group, 39 percent believed they did not, and more than half

felt it did not concern them. A reporter asked a man standing uoder a hright red umbrella at the froot of the crowd at the candidate's rally in Frankfurt what he hoped for from him.

The answer came back at once: "That he beats the hell out of Kohl." Up on stage later. Mr. Schroeder worked the one theme there was total dee they and model or an allowing the they are lame purchase.

Some of the sacrable of the sac certainty he would not change. Enough, he said, let's be finished with

him.
"I ask you, when is better than

GAMBLE: Arafat Builds an Austrian-Run Casino in the Desert - for Israelis Only

Continued from Page I

the diplomatic correspondent for the Israeli newspaper Haaretz.

gambling tables. They commute to Jericho trom the large, quasi-suburban Jewish sentement of Maale Adumim. where the casino company provides ployed." them with housing, and they are somewhat oblivious to the great divide they

cross daily. It's quite a nice bubble in here, actually," said Ian McCann, 28, a casino place will be destroyed." inspector from Manchester, England.

proper - the oldest city in the world the casino offers a Hobson's choice. signers of the Oslo agreement didn't Jobs there pay almost double the wages foresee when they met on the White of day labor in Israel, when it can be had. House lawn," said David Makovsky, But for some they are tainted jobs. "To be frank, we are not proud to say

we work in the casino," said Mazen, 21, Adding to the absurdist mix are scores a janitor at Oasis who would not give his of young Europeans who man the last name. 'All the neighbors say, 'Better you should starve, that it's dirty money. But what's my option? I have a estinians. B.A. in accounting and I'm unem-

store. Umohammed Merayi said: "Why is Israel refusing the casinos and we are permitting? I hope by God's will that this Arafat's economic adviser, Khaled Satine. Then they started to be afraid. permitting? I hope hy God's will that this

And hers was by no means the For the depressed residents of Jericho strongest antipathy in town.

"We are a small town, a peaceful people, mostly Puritans," said Saeb Erekat, a close adviser to Mr. Arafat and take 25 percent to 30 percent of the a Jericho resident. "We're scared that this will bring crime, mafia, drugs, prostitution." The casino is the first part of a planned resort complex. Investors include Casinos Austria, which is partly owned by the Austrian government, several European investors and some Pal-

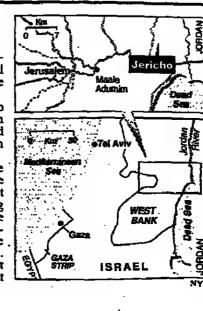
One-third of the shares are indirectly held by the Austrian National Bank, and oyed."

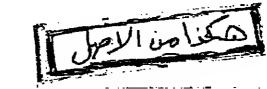
Squatting on a box in her convenience the deal was cemented during a visit to that began in late 1987. "We are the Austria by Mr. Arafat. A Palestinian dead town," he said. "Before the inlaam, held an almost 30 percent share, bui Casinos Austria representatives said Mr. Salaam was not a shareholder.

After the initial investment is recovered, the Palestinian Authority will casino's revenues in taxes.

Tawfiz Noweiser, a store owner who Christian, is a minority voice in Jericho. He says his neighbors should welcome anything that brings the town back to life. "You've heard of the Dead Sea?" be

said, sitting in front of a row of Johnnie Walker Scotch bottles and musing about conditions since the Palestinian uprising Forget about Netanyahu and Arafat. Let us make peace between people. Or at least we can take their money."





INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, SEPTEMBER 16, 1998

STAGE/ENTERTAINMENT

Tom Cruise Talks, but Cat Stays Pretty Much in the Bag

By Bernard Weinraub New York Times Service

ORONTO — Perhaps the most annicipated studio film in years is Stanley Kubrick's long-delayed 'Eyes Wide Shut,' male under almost military-style secrecy in Ingland and starring Tom Cruise and Nicole Kidman. Even top executives at Waner Bros., which is tentarively set to reliase the movie in March, have little idea what the film is about.

But Cruise, at the Toronto Film Festival this week, broke the silence surrounding the film and insisted that the diector was not what critics have been cemplaining of recently — indulgent even though the movie took 15 months

to shoot, an unusually long time. "He Limits," which he produced. "When doesn't waste time; he's not indulgent," Cruise said. "He worked seven days a week. I got faxes from him at 3, 4 in the morning with scenes.

By some accounts, the movie, written hy Kubrick and Frederic Raphael, is a psychosexual thriller about two psychiatrists, played by Cruise and Kidman, who are married. Warner executives have said they believed the film also involved a menage à trois. Cruise would not gn into details about the film's plnt

The film had extensive delays, including recasting several roles and frequent rewrites, but "it was part of the process," said Cruise, 35, who was in Toronto to promote the film "Without

you lnok at the amount of time it took to make the movie, it probably took 10 months of shnoting time. But there are times he gave us time off." Even when the cast was away, however, Kubrick "was always working on the movie," Cruise said.

He made his comments after a news conference in which an executive at the film festival, apparently under orders from Warner Bros., said that the actor would not discuss anything related to "Eyes Wide Shut." But later, during an interview in his hotel room, Cruise was relatively forthcoming about the film.

Kubrick - one of Hollywood's most acclaimed filmmakers, whose movies include "Paths of Glory," "Dr. Stran-

gelove," "A Clockwork Orange" and "2001: A Space Odyssey" — is surprising, but 'he's not pretentious at all." Cruise said.

"Suddenly he'll say something to you, or you'll see how he creates a shot, and you realize this man is different, this man is profound. And it seems without effort. And you come out of this experience and realize the possibilities of film, the possibilities of how to communicate ideas and concepts in a way that you never thought.

'I've never seen a movie made this way. He does it in a certain way, like Chaplin did it his way, and Woody Allen does it his way. Woody Allen directed a whole movie and then reshot it."

Kuhrick is not known as an especially

ities. "He wants to see what is going to happen," Cruise said. "I understand why he's an enigma. He doesn't give many interviews.

Cruise defended Kubrick's secrecy: "He wants in protect the story and protect the actors in his film. Today you can pick up a script on the Internet. You see movies and you already have preconceived ideas about it. You prejudge them. There's so much information out there. There's no sense of discovery. And Stanley wants that sense of discovery. He wants the movie to stand on its own."

Cruise said he had limited time to use his leverage as a movie star to make and produce his own films. With his partner,

spontaneous or funny director, but Paula Wagner, Cruise pro-Cruise said he found both these qual-duced Without Limits." which opened last week to generally strong teviews. The film, directed by Robert Towne, deals with the life of the track star Steve Prefontaine. Without Cruise's influence, it's doubtful that Warner Bros. would have made it.

"lt's a finite period of time for anyone in the movie business, and not just actors," he said. "How many movies can you make? How many years do you have the energy, the power, the time to produce movies? I know I've got to do it now. I want to use time in a way that's constructive. I don't want to sit down when I'm 70 and say I've wasted my time away and not made the films I wanted to make.

sts Go Up

From Joshua Redman, a Hidden Polemic By Mike Zwerin International Herald Tribune Although his father, Dewey, was and is a major player, and although Joshua was the hottest player in his Berkeley was the hottest player in his Berkeley Toronto to promote the film "Without include "Paths of Glory." "Dr. Stran-Kuhrick is not known as in

ARIS — While there was no ARIS — While there was no intent to make any sort of a declaration or wave a flag or anything, Joshua Redman adnits to a "very very very hidden po-emic" behind his new Warner Brothers ilbum "Timeless Tales (For Changing Times).

It's his first concept album, and there was obviously some explaining to do. So he wrote his own liner notes. But he always does.. He would like to understand why he writes his own notes despite being so skeptical about explaining music with words. Music is a magical language, that's why he likes it so much. He firmly believes that explanations can erase some of that magic. There's this intangible power that exists only when playing or listening to music. Explanations are at best half true.

On the other hand, he calls himself a 'huge connnisseur' of liner notes. The first thing he does while listening to a new album is read the notes in the package. Since childhood, he has been 'eager'' to know what the musician who made the music or the person who has been "given license" to write about It has to say

He smiled, apparently pleased to have thought up such a clean and poetic phrase to describe how the PR gets on the CD. Why such emphasis on words hy somebody involved in the magical art of music? Well, it was the breakfast hnur. He had been on a promo tourinf Europe for more than two weeks before arriving in Paris for more of the same. All that work and no playing may have been getting to him.

Although his father, Dewey, was and is a major player, and although Joshua was the hottest player in his Berkeley, California, high school's hot, prize-winning jazz band, he did not grow up dreaming about being a musician. He was valedictorian of his graduating class. When Harvard offered a scholarship, he accepted. He graduated summa cum laude in 1991. Wanting to be a lawyer, he was accepted in turn by Yale. More or less to kill the summer between college and graduate school, he entered the Thelonious Monk Foundation saxophone contest and — surprise! — he won. It meant a guaranteed career-launch.

It was also a no-brainer. Anybody smart enough to be summa cum laude at Harvard should know better than to choose to be a jazz musician rather than a lawyer. Yet, it was beyond him somehow. He had been chosen. In his liner notes, he wrote that the album is about "ageless beauty," "infinite possibil-ity," "shared artistic vision" and "universal human significance." (Parenthetically, it does not, after a listen, seem to be at all about the blues.) The songs include "Summertime," "Eleanor ""Hnw Deep Is the Ocean" and Joni Mitchell's "I Had a King." He "felt it necessary to explain not only what this record was about but what it wasn't about."

"It is not any sort of declaration. It is not an anthology, not a definitive statement, It's not [Herbie Hancock's] 'The New Standard.' Basically the concept behind the chnice of the material nnly had to do with my personal relationship to certain composers and certain songs. There are a lnt of misconceptions that chuld and prohably still will develop about this record. I

only wanted to put in my two cents."

The grin that followed made it perfectly clear that be was perfectly aware that the figure of speech 'my two cents" is out to lunch. It illustrated the antonym of timelessness. The expression "my two cents" is history, in the contemporary American definition of the word. It's dead, all washed up, reduced to nostalgia. There is nothing timeless about it. Whereas his choice of

songs was based on "an inquiry into the connectedness of everything" as opposed to the "disposable Kleenex culture we live in." Nothing to sneeze at.

"The conception of timelessness is very different from the concept of nostalgia," he said, now seemingly ready to put in at least 25 cents. "And 'classic'

does not necessarily mean conservative. They are very different. Some postmodern theorists would say that the present-day absence of truth and beauty is not just a stage but a sign of what the future will be. I don't believe that. Basically what I'm saying is that timelessness is modern.

F be should wake up at eight n'clock on the day nf a gig and gn to the Art Institute of Chicago to see Picasso's "The Old Guitarist," it is not because he wants to look at the past. 'It was done in what? 1906? That painting is something that is beautiful and alive to me right nnw. Depth and beauty are not things that are transitory, they are not temporal. They are lasting."

Oddly enough, nne song — Boh Dylan's "The Times They Are A-Changin'" - is one of the strongest declarations ever made hy a pop song. Why choose it if ynn do nnt want to make declarations? Aha! That's just the point

(made in the parenthesis of the album's

The way Dylan said something was as important as what he said. Redman wanted to key in on the rawness and the energy level. The song does not have a strong melody. He was attracted by its grittiness, the edginess, the emononal power. He looked for an equivalent instrumental way of expressing not only the lyrics but the openness of their phrasing. Dylan took as many bars as he needed to say what he had to say, and so did Redman.

There is a new movement that aims to stress the text in Shakespeare's plays; as opposed to a prior trend involving movie-stroked images. And so he was asked: "Which approach do you think ...?" It was not even a hallpark question, and it had arrived by way of left field. Still, Redman began to answer it before it was posed. This is one unique combination of monvation, intelligence and charm, Yon could almost hear a premature click of comprehension. 'Right ... Sure ... Right ..."

said impatiently. "I think the second approach," he continued, "the one that stresses the importance of images, defines a jazz musician. That's another way of describing the things I have been talking about. Jazz is not textual music, it is not literal music.

'Classical music is based on text. The untes are all written. The classical musician asks himself, 'How can I find room within the text to insert my nwn interpretation?' Whereas with jazz it's all about discovering what is it about this song that makes me want to change it? What does it have that inspires me to tell my nwn story?"



Joshua Redman: A mystic about music, but a connoisseur of liner notes.

Frayn Reinvents the Machine

By Sheridan Morley unal Herald Tribu

ONDON - Having reinvented postwar British farce with his backstage classic "Noises Off." Michael Frayn now turns his considerable if anarchic comic genius to another long-last theatrical form, the revue sketch, in "Alarms & Ex-cursions." These effectively died with the coming of the 1960s and BBC TV's "That Was the Week That Was" which could do them quicker. cheaper and faster.

But now we get eight play-lets all loosely linked by a terror of modern gadgetry. From corkscrews that resolutely refuse to screw corks through fire alarms, answering machines, car locks and television remote controls, Frayn deals lethally with the way in which machines apparently designed to be of service take on a malevolent and destructive life of their own before imploding in, invariably, the wrong hands. And as if to prove hi

point, the computer on whic

attention of a competent nechanic, in this case my wife; I spend such precious deadline moments naring wistfully over at the manual typewriter that in 40 years has never let he down and now seems 10 grin knowilgly while all

work comes to a halt. Here as in much else ofhis writing in novels, jnurnalism and dama, Frayn's ssage is essentially that progress is nothing of the kind, rather just an invitation for more things in go more wrong, thereby eventually rendering all human life unsustainble.

Michael Blakemore's hugely agile production, at the Giel-gud, has Felicity Kendil, Josie Lawrence, Nicky Henon and Robert Bathurst as the loomed couples forever at the nercy of their malfunctioning machinery, and I have only very few re-

servations: Some of thesketches nutstay their welcome by a pw minutes, the whole problem of quick set changes could surely have beer solved by an oldfashioned revolving stage (though maybe they thought a better not in risk even that primitive mchinery in a play like this), and in old evues we used to et songs, much mised here, to fill the scene changes and etrieve a deadly

unfunny or lame purhline. Here, with no sun musical breaks, some of the sketchesdie a lingering and over-exposed death; but Kendal, reading from a rogue televised prompter just



oom, the computer on which am obliged to write the Diana Rigg in Ted Hughes's adaptation of "Phedre."

several new headaches requiring the after she has unwisely fired its operator, and Bathurst, trying, with a series of noncommunicative answering-machine tapes, in work nut who and where he is, are genuine comic gems in a paichy but

fun evening.
"Phedre" (launching an Almeida season at the Albery) has always been a tough one; Racine never quite gnt the characters right, and though the new Ted Hughes adaptation is strong on dramatic poetry, it too can be weak on characterization. But as the Almeida's opening bid for a West End home, it is characteristically brave,

Spartan and challenging. Diana Rigg, in an oddly urchin red wig, doesn't give us the all-nut histrionics of Glenda Jackson in an Old Vic revival 12 years agn; instead, she is defeated from the outset, up quite literally against a wall and apparently unable to rame or turn the terrible tide she has unleashed

by falling in love with her nwn stepson. In this role, Toby Stephens after a shaky start, captures the young man's Hamlet-like insecurities, and as the warrior Theseus, returning home to incest, Julian Glover is suitably ashen. Elsewhere the cast is more of a chorus, though it is Barbara Jefford and above all David Bradley who, as the messengers of the gods or their earthly accomplices, have to carry the plot forward at its most crucial moments. When Bradley relates, in a five-minute monologue, the monstrous fate of the stepson, Hughes's text leaps into a vivid and terrible life that is elsewhere sometimes lacking.

The Racine convention of having all events happen offstage, only to be related to us later by indoor actors, creates problems for Janathan Kent's tense and tough production, but he is powerfully snpported by Maria Biornson's castellated set and some wonderfully moody lighting from Mark Henderson

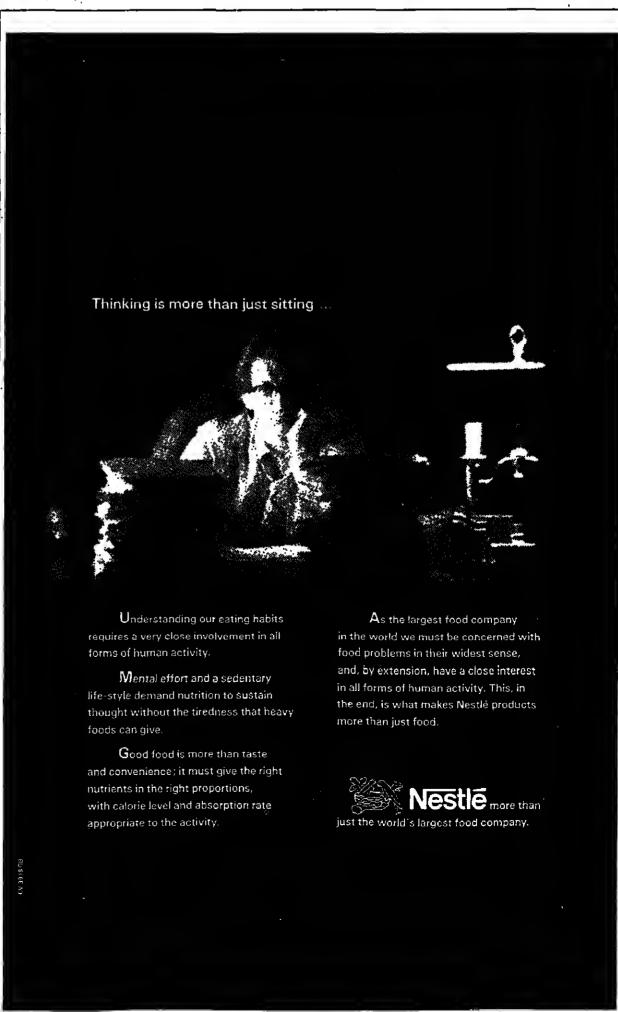
In the ritle role, Rigg is never less than mensely powerful, but this is not, like her recent Medea, a role in which she can grow or grasp at greatness. Phedre is always at the mercy of what news the others bring her, and, in the end, she is just another of the beached mortals left when the gods have suddenly decided to turn the tide

of their all-too-human errors. Quentin Tarantino, David Mamet and now David Hare; the dramatist as triple threat. No longer the figure so far down the power chain, playwrights are now starting to take center stage as actors and directors. Thus at the Royal Court Downstairs at the Duke of York's we now get a new Hare piece, "Via Dolorosa," in which Hare stands alone

for 90 minutes relating his experiences on a first visit to Israel as the 50-year-old playwright visits the 50-year-old state.

This might have worked as well on radio or as an extended magazine travel piece, but Hare is a good and observant reporter, at his best re-creating meetings with the more ecceutric and outlandish of Israel's many official and self-appointed politicians, which you sometimes feel accounts for the entire national community. If there is a debt here, it is surely to a series of BBC television documentaries that Frayn and Dennis Marks used to make: good, thoughtful explorations of a European city we all thought we knew. And Hare, like Frayn, has the knack of always going down the one street we somehow never bothered to explore.

His stage presence is charming, faintly furtive, initially apologetic, with the English public-schoolboy's habit of trying to pretend he is not really there at all. But as the evening wears on he gains confidence, becoming angrier as be realizes his problem, the one he outlined in his great National Theatre trilogy about the state of modern Britain. Essentially this is that the man or woman with a conviction, any conviction, no matter how daft or dangerous, is always going to feel better than the rest of us don't-knows dithering around in the middle of the field. His research is always menculous and his definition of Israel in nurmoil as "Sects and the Single Church" is dazzling. But I'm still not sure I'd want to watch him playing King Lear.



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Boing What others dare

Bank America Soles Profit Saming After Trading Loss

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Continued on Page 18

WEDNESDAY, SEPTEMBER 16, 1998

PAGE 15

Bank America Issues Profit Warning After Trading Loss

SAN FRANCISCO — BankAmerica Corp. said Tuesday its trading loss widened 50 percent to more than \$330 million this quarter, as stocks and bonds in emerging markets tumbled.

The biggest bank on the West Coast is expected to report earnings for the third quarter of more than \$410 million excluding one-time items, driven by gains in its consmer business, according to analysts who have spoken to the company. That is about half the \$819 million Bank America reported in the same period last year.

BankAmerica last month said it tost \$220 million because of trading currencies and securities in emerging markets after Russia defaulted on its debt and devalued the ruble.

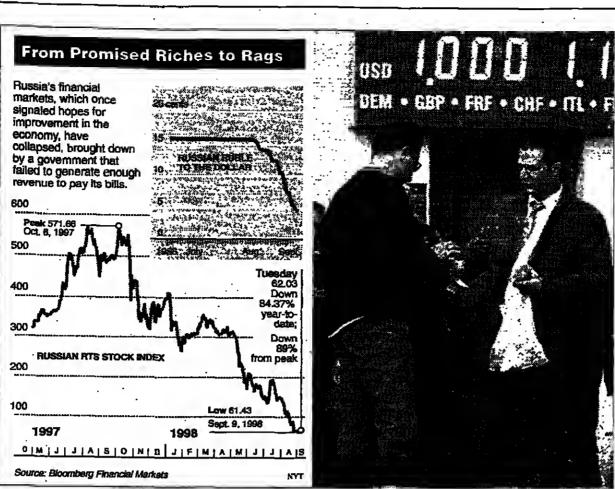
Investors are concerned that other banks, including Citicorp, Chase Man-hattan Corp. and J.P. Morgan & Co., may also report a second round of profit warnings.

"You're going to see other banks fess up," said Marshall Front, man-aging director of Trees Front Associates Inc. in Chicago. "The numbers that I saw earlier really reflected the news in July and Angust. Now we're starting to see some indications about what September's numbers are going to

BankAmerica shares fell \$1 to \$62.9375, while NationsBank Corp., which is expected to combine with BankAmerica at the end of the month in a \$44.8 billioo merger, fell 25 cents to

BankAmerica's profit for the quarter will include a one-time pretax gain of \$480 million from the sale of BA Honsing Services. The bank will also report a one-time charge of \$200 million related Alo the write-down of an investment in KorAm Bank in South Korea.

The bank said it would earn more than \$500 million before these charges.



Russians exchanging money Tuesday outside a currency office in Moscow. The sign showed the ruble/dollar rate.

Russian Default Could Hit \$200 Billion

By Timothy L. O'Brien New York Times Service

MOSCOW - Sometime next year, if it is unable to raise fresh money or delay payments, analysts expect that Russia will default oo as much as \$200 billion in foreign debt - the largest default by any government in history.

With only \$12.3 billion in cash reserves in the treasury and with Russian companies' pockets virtually empty, the economy is in tatters.

About \$2 billion in debt comes due by the end of this year and \$17 billion is due in 1999, which the country is unlikely to be considered in default on \$200 billioo world in a half-century."

So, like a homeowner with outsized mortgage payments, enormous bills and many mouths to feed - and who has just lost a job and has scant savings -Rossia is on the precipice.

It has already missed \$247 million in interest payments. A debt moratorium is in place temporarily, but the bills will continue to stack up by the tens of billions.

Financial markets around the world have been rocked in recent weeks by the turmoil in Russia, and President Bill Clinton called Monday for the world's be able to pay. At that point, Russia will industrial powers to confront "the

biggest financial challenge facing the

With a new prime minister on board, Russia must address two problems simultaneously: its staggering debt and a devastated economy scarred by skyrocketing prices, unpaid wages, dwindling food supplies and the threat of even worse to come as winter ap-

How the Russian government tries to revive the economy, experts say, will have a profound bearing on its ability to get lenders to agree to restructure debt. Russia has already damaged its credibility with foreign creditors by imposing the debt moratorium, so it is doubtful that any new solution will involve additional money.

At the same time, market purists have reacted with scorn to the ascendance of Soviet-era economic advisers as Prime

See RUBLE, Page 19

Ruble Slumps 27% DEM • GBP • FRF • CHF • ITL • F Against the Dollar

Central Bank Wants to Add to Money Supply

Compiled in Our Stuff From Pospulaties

MOSCOW - The ruble fluctuated wildly in Moscow trading Tuesday, finally dropping 27 percent against the dollar, as Russia's new central bank chief called for printing more rubles to pay off back wages, a move that economists fear could unleash hyperinflation. The ruble fell to 11.95 per dollar,

down 27 percent from the central bank's rate for the day of 8.67 rubles per dollar. The decline broke four straight days of gains, after banks bought dollars to settle currency forward contracts that expired Tuesday.

Meanwhile, analysts said that Russian bank defaults on up to \$1.5 billion in the currency forward contracts that were due Tuesday could provoke in-vestor lawsuits to try to seize the banks

assets abroad. Russia's t0 to 15 biggest banks face a loss of least \$200 million to Western

investors on the contracts, said United Financial Group brokerage in Moscow. In the contracts, the banks bet the ruble would stay stable. Instead, it is now down 47 percent from a month ago, after plunging as much as 70 percent.

The banks, already severely strapped for cash, are expected to argue that they do not have to make the payments because of a government-imposed moratorium.

"It's quite possible we will see seizure of assets by the end of the week," said Alexei Zabotkine, a UFG fixed-income analyst. "It's much sim-pler to fight with the Russian banks than with the Russian government.

The potential loss - calculated as the difference between the ruble rate specified in the contracts and Tuesday's rate - could have been much higher had the ruble not soared as much as 149 percent in the past four days.

Russian banks sold rubles Tuesday, after having bought the currency in the past four days to try to bolster its value before the contracts expired, traders and analysts said. The central bank set a ruble

rate for Wednesday at 9.6 per dollar. Viktor Gerashchenko, the new central bank chief, meanwhile, said the central bank would not start adding to the money supply until its new board of directors was in place and can consider

Parliament plans a confirmatioo vote on the board members Wednesday.

Mr. Gerashchenko's comments came while Presideot Boris Yeltsin conferred with his new prime minister, Yevgeni Primakov, in the Kremlin and began making appointments to a cabinet that must deal with Russia's economic

Mr. Primakov on Tuesdav named Alexander Sbokhin as deputy prime minister in charge of finances.

Mr. Shokhin, head of the Our Home is Russia Party in Parliament, however. opposes price cootrols and inflationary inting of more money, policies

favored by other new appointees.

Earlier, Mr. Primakov named Yuri
Maslyukov, a Communist and former
trade and industry minister, as deputy
prime minister. Mr. Maslyukov has said he favors printing more money to support industry.

When asked about increasing the money supply, Mr. Gerasbchenko said, 'We can't do without that," Interfax reported. Mr. Gerashchenko did not say if the increase in the money supply would be underpinned by the central bank's hard currency reserves.

If the bank simply prints mooey that is not backed by assets, as it did in the early 1990s, this would erode the value of the ruble and lead to hyperinflation. Mr. Primakov has said the new gov-

emment's top priority will be paying the millions of workers and pensioners who are owed back wages. But Mr. Primakov has yet to say how the government will raise money to meet its obligations.

"We will find the necessary solutions to avoid hyperinflation," Mr. Primakov said, without elaboration.

Officials denied on Monday reports that the government had already cranked up the money-printing presses to pay wages. Any plans to print new rubles are certain to complicate Russia's talks with the International Monetary Fund. The IMF wants first to make sure that Russia has sound economic policies in place before releasing the next installment of a \$22.6 billion rescue pack-

age put together in July.

The IMF director in charge of Russia. John Odling Smee, was due in Moscow on Tuesday for talks with Russian of-(Bloomberg, AP)

INTERNATIONAL MANAGER

Market Puts Options Windfalls at Risk

By Adam Bryant

NEW YORK - Uotil the recent stock market shump, American chief executives had been watching their oet worth balloon as the part of their pay package linked to the stock market soared in value.

But since July, stocks have been broadly lower. With the slump — and uncertainty about the market's future - the challenge chief executives face to make their stock options pay off looks very different.

Executive compensation experts say that if the market goes into a prolonged slump, the mix and struc-ture of executive pay packages may change in ways both small and large.

If the system works correctly, and if corporations and boards are serious about pay for performance, there should not be an alteration in bow compensation is delivered," said Judith Fischer, publisher of Executive Compensation Reports, a newsletter. "But I think totally new mechanisms will start springing up if the market does not rebound."

Even before the recent slide, for example, some companies were backing away from signing onto compen-sation plans that require above-average performance before paying off, partly out of fear that the market was

overheated. "I have seen some people getting cold feet," said Robin Ferracone, president of SCA Consulting in Los Angeles, whose firm has designed many recent executive compensation plans that set tougher hurdles for ex-

Ms. Ferracone and others said that

other than the stock price, such as long-term earnings growth. That is what happened in the flat stock market of the 1970s, only to be abandoned increasingly for pay tied more to stock

performance. Sncb a strategy has paid off handsomely in recent years. The average salary and bonus of 279 chief executives of large U.S. companies was \$2.1 million last year, according to Graef Crystal, editor of the Crystal Report, a oewsletter on executive compensation. But the present value of stock options they received, which give them the right to buy stock at a set price for a set period of time, belped push the value of the average pay

package to \$8.7 million. Clearly, the drop in the stock market has knocked tens of millions of dollars worth of paper profits off the value of many executives' stock options. For others who have signed up for more challenging compensation packages, the likelihood that those plans will pay ont has also dropped significantly.

Consider John Reed, chairman of

Citicorp. Earlier this year, Mr. Reed received 300,000 options to buy shares at \$120 each. But there was an important catch.

For those options to become vested, Citicorp stock had to reach \$200 within five years, and stay at or above that mark for 10 trading days within a 30-

day period.

This spring, on the day the proposed merger of Citicorp and Travelers Group was announced, Mr. Reed was well on his way to reaching his mark

— Citicorp's stock hit its high for the

in the event of a prolonged slump, year of \$182 on April 6. But Citicorp executives might start requesting that stock closed Tuesday at \$103.875. part of their pay be tied to measures If nothing else, a bear market would certainly test chief executives' commitmeon to sticking to the letter of their

employment contract. For example, more than 20 percent of the 1,000 largest companies in the United States have adopted guidelines in the last five years that require top officers to own stock equal in value to several times their annual salaries. The goal of such guidelines was to create the perception that executives were in the same boat as ontside sharehold-

But in a falling market, top executives face potentially two doses of bad news. Not only would the value of their personal holdings in company stock be falling, but if companies are vigilant about enforcing the guidelines, they will also make the chief executive buy even more stock to

remain within the guidelines. Because such guidelines are a relatively recent phenomenon, "I'm not completely sure how many teeth there are in them," said Steven Hall, managing director of Pearl Meyer & Partners, a compensation consulting furn in New York.

Certainly, many companies may be tempted to reprice their stock options, a practice used by many concerns in recent years that have not joined in the bull market. Repricing, which effec-tively lowers the bar over which employees must jump for the options to pay off, has come under growing scrutiny by institutional investors and the news media, and a number of cousultants said they expected many companies to resist the temptation to

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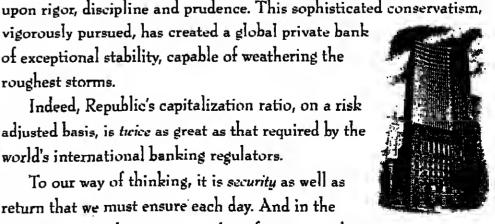
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• Moody's Investors Service Inc. is considering cutting Boeing Co.'s credit rating on \$6.8 billion of debt as production problems dog the planemaker and as Asia's economic crisis increases the risk that sales there slow. The agency also cited Boeing's "continuing poor operatiog performance." • US West Inc. is in cooperation talks with Telecom Italia

SpA, the Italian company said, adding that it was pursuing similar talks with other potential American partners. Chase Manhattan Mortgage Corp., a unit of Chase Manhattan Corp., is buying Mellon Mortgage Co.'s retail network of 26 offices for an undisclosed sum.

• Best Buy Co. plans to open about 40 stores in its 2000 financial year, thanks to strong earnings by the electronics and appliance retailer, including second-quarter net profit of \$44.1 million, up from \$6.6 million in the like quarter last year.

• Banc One Corp. and First Chicago NBD Corp. shareholders overwhelmingly approved the two banks' \$20.6 bil-lion merger, a day after the Federal Reserve Board approved the deal on condition the combined company, with \$230 billion in assets, divest 39 branches in Indiana

• Quark Inc. abandoned an attempt to buy the rival software developer Adobe System Inc., citing market conditions and Adobe's opposition to the deal. AP, Remers, Bloomberg

The Trib In	dex	Prices as of 4 00 PM. New York time.							
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World Index	174,35	+ 0.17	+ 0.10	+ 1.30					
Regional Indexes									
Asia/Pacific	72.23	— 0.06	— 0.08	- 24.8					
Europe	210.20	— 0.16	— 0.08	+ 8,89					
N. America	174.97	60.56	- 25,71	18,99					
S. America	89.31	+ 12.90	+ 16.88	- 41.50					
Industrial Induses									
Capital goods	240.05	+ 1.38	+ 0.58	+ 16.21					
Consumer goods	215.80	+ 1.37	+ 0.64	+ 2.85					
Energy	195.60	+ 1,18	+ 0.61	+ 0.33					
Finance	114.15	-0.33	- 0.29	- 7.16					
Miscellaneous	145.70	+ 0.51	+ 0.35	- 2.78					
Raw Materials	166.67	+ 1.20	+ 0.73	- 0.34					
Service	189.95	+ 2.70	+ 1.44	+ 8.97					
Litilities	162.43	+ 3.12	+ 1.96	- 2.66					

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Wall Street's Rise Lifts Dollar Against Yen

coordinated expansion of fiscal mestic demand in Japan," he said policy appears unlikely because He also hinted that the G-7 migh

Europe is committed to budgetary be warming to the use of controls on

restraint to usher in the euro. And short-term capital flows to prevent

"A serious attempt to calm fears cerned that the capital flight taking

g."
Theo Waigel endorsed Mr. Clin-Still, senior officials of the major ton's call for a meeting of finance

industrial economies are expected to ministers from developed and de-

intensify their discussions about the veloping countries in the so-called

World Bank in Washington early dicated that the talks should coo-Gordon Brown, Britain's chan-like the IMF and the World Bank

cellor of the Exchequer, beaded for rather than on attempting a global Japan on Tuesday and said he would economic stimulus.

fresh measures to shore up the bank- expected to agree on a package of

ing system. "It is important to re-vive confidence and to sustain do-Sept. 25 and 26, officials said.

NEW YORK - The dollar rose against the yen in a late-day rally Tuesday as U.S. stocks climbed amid speculation that the Group of Seveo industrial nations would help emerging markets shore up their

"The stock market is giving the dollar a boost," said Robert Katz, currency trader at MTB Bank. "The G-7 has been pretty supportive about trying to keep emerging market economies afloat. There's a healthier market sentiment today than there was a week ago.

Continued from Page 1

ments also could backfire because

independent central banks like the

German Bundesbank bristle at in-

"Tietmeyer would in no way want the Bundesbank, in its last

hours before the launch of the euro,

having this precedent of a politically orchestrated move' on interest

rates, said Wayne Angell, a senior

economist at Bear, Stearns & Co. in

New York and former member of

the Federal Reserve Board, "The

president really has messed up an

peared to rest mainly with the Fed,

argely because Mr. Greenspan first

signaled a potential policy shift 10 days ago and because the U.S. econ-

omy is more vulnerable than Europe

to any spread of financial turbulence

A clearer sign could come Wed-nesday, when Mr. Greenspan and

Treasury Secretary Robert Rubin

are scheduled to testify to the House Banking Committee about the crisis

in world markets. The Fed's poli-

bolds its next meeting on Sept. 29. Interest-rate futures are priced to

anticipate a cut of a little more than

one-quarter percentage point in short-term U.S. rates by December, and Mr. Persaud of J.P. Morgan

predicted that the Fed would make

as many as three quarter-point cuts

U. S. STOCK MARKET DIARY

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in Latin America.

by early 1999.

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And so hopes of lower rates ap-

terference by politicians.

Mr. Clinton's high-profile com-

FOREIGN EXCHANGE

keeps its rates on hold.

dollar rose to 133.980 yen from 132.45 yen on Monday. It fell to 1.6910 DM from 1.6955 DM.

ECONOMY: Amid Talk of Coordination, Focus Is on Fed

plans to increase the lending re-

sources of the International Mon-

etary Fund remain stymied by op-

about the global economy would

involve not just monetary easing," emerging market strategists at Mer-rill Lynch & Co. said, "but also U.S. approval of increased IMF fund-

global economy in advance of the

annual meetings of the IMF and the

ress policymakers in Tokyo to take

next month.

position in the U.S. Congress.

days on expectations that the Fed- down now outweighed inflation eral Reserve would cut U.S. interest concerns. Many traders took that as a suggestion that the group may

jointly lower interest rates. But the Bundesbank president, rates this month, while Germany Hans Tietmeyer, on Tuesday dis-In 4 P.M. New York trading, the would do that because accelerating growth in Europe made lower rates inadvisable.

"The implication is that a rate cut Finance officials from the United would be led by the U.S." said States, Japan, Germany, France, James Culnane, a trader at Nord-Britain, Italy and Canada also said deutsche Landesbank. "You've

He also hinted that the G-7 might

emerging economies from being

whipsawed by sndden shifts in sen-

timent among international in-

vestors. Mr. Brown said he was con-

place in Latin America and else-

where often did not reflect the sound

policies being pursued by local gov-

Group of 22, most likely in Wash-

ington early next month. But he in-

European finance ministers were

In Germany, Finance Minister

Rate Outlook J. Bank S Against the Deutsche mark, the after a London meeting Monday that seen the mark trade up against the dollar fell for the first time in three the risk of a global economic slow-dollar and a nice jump in mark-yen as

The pound was little changed against the dollar after the Bank of England governor, Eddie George, said the global market turmoil had reduced pressure on the central bank missed speculation that Germany to raise its 7.5 percent benchmark

> The pound was at \$1.6765, little changed from the previous \$1.6780.

The dollar fell to 5.6660 French francs from 5.6907, and to 1.3948 Swiss francs from 1.3988.

Allergan Plans

Bloomberg News .

IRVINE, California - Allergan Inc., a maker of Refresh Tears eyedrops and other over-the-counter medications, said Tuesday it planned to cut 550 jobs, or about 9 percent of its work force, and close five plants

The cuts from its work force of 6,150 will occur over three years. The company will close the plants - in Brazil, Puerto Rico, California, North Carolina and Massachusetts along with a previously an-nounced plant closure in Ar-

Shares of Allergan closed down \$2,9375 to \$56,125.

To Cut 550 Jobs

as part of a cost-cutting plan.
Allergan said it would take a

pretax charge of about \$103 million after taxes, in the third quarter for costs of the restrucnuring, and may take another \$10 million in charges in the fourth quarter.

U.S. STOCKS closed 79.04 points higher at 8.024.39. The Standard & Poor's 500 Index gained 7.93 points to 1.037.65. The Nasdaq composite index added 12.28 points to 1.677.97.

Major stock markets in Latin America were basking in optimism oo Tuesday after President Bill Clinton promised to back up the economies of the regioo if the current global crisis threatened a meltdown in area.

Spurs Gains

NEW YORK - Stocks rose Tues-

"It's a 70 perceot certainty that"

day amid expectations that lower in-

terest rates will help spur earnings

the Federal Reserve Board will cut

interest rates, said R. Lynn Yturri, a

manager at One Group Income:

The Dow Jones industrial average

Equity Fund. That 'would be a

short-term boost for the market."

growth even as economies slow.

For Shares

Brazil's Bovespa stock index gained 18.7 percent in late trading, and Mexico's Bolsa index climbed 13 percent, while stocks in Argentina. Chile and Venezuela jumped on the bandwagon.

Carlos Guzzo, chief economist at the investment bank Pontual in Sao Paulo, said: "It was important that the United States pledged not to leave Latin America alone amid a slew of reports on capital flight from

the region, especially Brazil."
In New York, stocks barely reacted to a report showing that retail sales rose a mild 0.2 perceot in August after dropping by 0.6 percent during July, when the General Motors strike was cutting into auto

The benchmark 30-year Treasury bond fell 14/32 point to 103 20/32, taking the yield up to 5.26 perceot from 5.23 percent on Monday.

Banks and financial services shares rose. On Wednesday, the Federal Reserve Board chairman, Alan Greenspan, and Treasury Secretary Robert Rubin are to testify before the House Banking Committee on recent global financial problems, and may offer clues about the outlook for interest rates.

Financial stocks, some which fell up to 50 percent in recent weeks, rose. Fleet gained 2 11/16 to 771/4, Morgan Stanley rose 2½ to 55%, Citicorp rose 2% to 103% and American Express rose 9/16 to (Bloomberg, Renters, AP)

in world markets. The Fed's policymaking Open Market Committee Intel Looks to Broaden Focus Beyond Chips bearer for the technology that drives married to the vision of a billioo

By Elizabeth Corcoran Washington Post Service

WASHINGTON - Intel Corp., the world's leading maker of chips that serve as the brains of personal computers, has a message for the has no plans to slow down its work high-technology world: It doesn't on more powerful microprocessors. The cuts 'ultimately will weaken want the U.S. dollar," he said, predicting more. want to be just a chip company any

a slide to 1.60 Deutsche marks by three-day companythe end of the year. On Tuesday, the dollar fell to 1.6888 DM from 1.6955 DM, continuing a decline California, Intel executives outlined that began when traders started to the chip giant's mission, which it views as far broader than building that," he said, particularly in the expect a cut in U.S. interest rates. The emphasis on rates reflects a ever-faster microprocessors. In- areas of networking and loternet shortage of other policy options. A stead, Intel wants to be a standard- commerce.

the information age.

"It is crucial for us to be a 'platform' technology company," Vi-President Patrick Gelsinger said. Even with its new mission, Intel But the company is purposefully

broadening its focus. Eventually, it may have separate business lines as sponsored technology conference important to Intel as the micropro-that began Tuesday in Palm Springs, cessor, Chief Executive Craig Barcessor. Chief Executive Craig Barrett said in an interview. "I think we have options to do

cessors," he said. Rumors have linked Intel to the

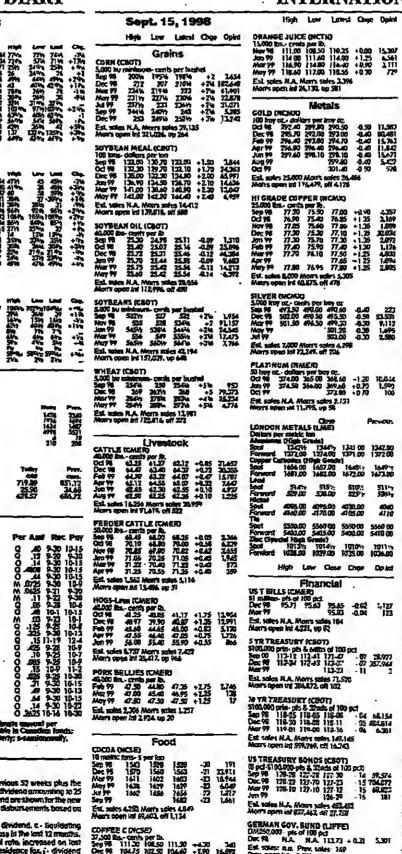
connected PCs, not just micropro-

networking company 3Com Corp., and while Mr. Barrett would not discuss any specific deals, he ac-knowledged that the company is eager to become a bigger player in providing the technology that will help small businesses and consumers network their PCs - "so growth probably requires acquisitions of some sort.

Intel also plans to boost its investments in start-ups and other hightech ventures, Mr. Gelsinger said.

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EUROPE

BHF-Bank Sells Major Stake to ING Groep

By John Schmid

mergers, has sold a major stake to portant economic leaders. the Duich fioancial services giant ING Groep NV, the two banks announced Tuesday.

Reflecting its stature in the German banking community, the and acquisition frenzy among the Bundesbank looked to BHF this world's higgest banks. year when it needed to fill its second-most important position, close to home in BHF's headquarthat of chief economist. It hired ters city of Frankfurt. It fires an-

FRANKFURT — Germany's economist in Frankfurt's Euro- Dresdner Bank AG and Comtradition-rich BHF-Bank AG, intower at the European Central merzbank AG, which are all but sition of a 34.5 percent stake in fluential but too small to survive Bank, in turn making Mr. Issing alone in an age of colossal bank one of the Continent's most im-Long seen as a takeover can-

didate, BHF-Bank has chosen a path with its oew partner that is certain to accelerate the merger-

The deal strikes particularly Hermann Remsberger, BHF's other warning shot that the global chief economist, to replace Otmar wave of bank consolidation even-

certain to be looking for partners.

able house of finance for many ance AG and DG Bank AG. years, often operating in the shadows of its bigger rivals. Its trading room remains one of the most influential in Germany's finance metropole. It was also one of the first to be active in Eastern Europe after the fall of the Iron Curtain.

aria's two biggest banks to create HypoVereinsbank AG, the na- Deutsche marks (\$1.47 billion) don's new No. 2 bank on the stock based on current share values.

Issing in that job at the German central bank.

Mr. Issing now works as chief

tually is expected to change the corporate faces of such big institutions as Deutsche Bank AG, ING and BHF jointly announced

BHF from the German consortium The BHF-Bank bas been a reput- of Allianz AG, Munich Reinsur-

> Analysts doubt that ING, which wants to expand in Germany, would be satisfied with only a minority stake.

ING also announced that it could buy further stakes in BHF, although it said it entertains no plans Eveo after the merger of Bav- to take a majority. ING said the total stake is worth 2.5 billion

Thomson-CSF Plans Major Restructuring

PARIS — The newly privatized French defense electronics company Thomson-CSF said Tuesday that it was embarking on a far-reaching restructuring that could lead the company into a loss this year.

The company made the forecast as it announced first-half profit, which fell 50 percent from a year earlier and was below predictions. Net income slumped to 275 million francs (\$48.3 million) from 551 million francs, but the drop was due in large part to the

absence of a capital gain this year. Sales rose slightly, to 16.48 bil-lioo francs from 16.40 billion in the first half of last year, and the order book declined slightly in the half, to 72.3 billion francs from 72.9 billion francs at the end of December.

Thomson-CSF's shares rose on the announcements, finishing up

3.20 francs at 203.20. In the first half of 1997, Thornson-CSF benefited from a 172 million-franc contributioo from the chipmaker STMicroelectronics NV and from the sale of investment certificates in Credit Lyonnais.

Denis Ranque, the new chairman of Thomson-CSF, said he planned to unveil in the next few weeks restructuring measures aimed at the integration of some defense elec-tronics acrivities of Alcatel SA, Aerospatiale and Dassault Electronique. These will take place in 1998 and have a positive effect starting in 2000, he said.

Mr. Ranque said there woold also be further restructuring and asset write-downs "to achieve faster our goals of profitability improvements in this period of rapid reorganization movements in the defense and aerospace industries in France and Eu-

The restructuring plan, and the exact size of the provisions, are expected to be detailed in the next two

Because of the change in structure, the company said it was difficult to predict full-year performance. It said that for the second balf of

1998 it was "jo battle order." with a balance sheet geared toward creating sbareholder value while concentrating on core activities.

Following a June privatization and restructuring deal, state-owned Thomson SA retains a 40.03 percent stake in Thomsoo-CSF. The state holds a direct stake of one special share. Aerospatiale has a 3.87 percent stake, Dassault Industries 5.81 percent, Alcatel 15.8 percent, 32.9 percent is traded on the Bourse, and employees bold 1.53 perceot.



London **FTSE 100** 5.281.70 5,268.60 +0.25 Madrid Stock Exchange 705.17 711,43 -0.88 20064 -0.69 MISTEL CAC 40 3,698.00 3,714.81 -0.45 3.440.28 3.510.42 -2.00 Stockholm SX 16 Vienna 1,128.41 1,165.35 -3.17 ATX 4,156.95 4,205.77 -1.18

Very briefly:

· British Telecommunications PLC, Britain's largest telephone company, will record a £1 billion (\$1.68 billion) pretax profit in the quarter ending Sept. 30 related to the sale of its 20 percent stake in MCI Communications Corp. to WorldCom Inc., for which it expects to receive \$7 billion in cash.

· Audi AG, Volkswagen AG's luxury car unit, sold Cosworth Racing, the racing unit of British car-engine maker Cosworth, to Ford Motor Co. for an estimated £10 million. The racing unit makes engines for Formula One and Indy Car competition.

 Thyssen Krupp Stahl AG dropped its bid for a majority stake in Cockerill Sambre SA, Europe's eighth-largest steel company. France's Usinor SA is the only remaining bidder for some of the 79 percent of Cockerill owned by the Walloon government of the French-speaking southern half of Bel-

· Standard Bank Investment Corp., South Africa's secondlargest bank by assets, will close its 46 Stannic branches. which mainly arrange loans for vehicle purchases, cuning as many as 980 jobs.

· Saga Petroleum ASA will take a one-time charge to profit of 1.6 billion kroner (\$212 million), mainly because the Norwegian company paid too much for Santa Fe Exploration (U.K.) Ltd., an oil production and exploration com-

• British inflation hit the government's target of 2.5 percent in August, boosting speculation that interest rates, among the highest in Europe, could be set to come down. Consumer prices rose 0.4 percent in August from July and 2.5 percent on a 12month comparison, the Office for National Statistics said.

• iXOS Software, a company that develops software to enhance SAP AG's business software systems, applied for a dual listing on Frankfurt's Neuer Markt and the Nasdaq stock market. The company is based in Munich and San Mateo.

•France's economy added 64,000 jobs during the second quarter, as strooger domestic demand and corporate investment prompted companies to hire more workers, the gov-

Three Banks Merge to Form Norway's Largest

GKN Deals Armored Business to Alvis

LONDON - GKN PLC an- rising order book, which will

nounced a £78 million (\$130.8 swell from its current level of £74

million) deal Tuesday to fold its million as it benefits from its share

armored vehicles business into of a \$5 billion contract to build a

the specialist manufacturer Alvis European armored vehicle, Pro-

PLC, taking a 29.9 percent stake duction starts after 2004. Alvis has

Alvis will pay GKN, Britain's The companies said the deal third-largest defense company, was expected to lead to the loss of

holder. Alvis, which makes Scor- savings of more than £5 million a

pion armored vehicles, will year by concentrating production

assume £15 million in GKN debt. at Telford. (Reuters, Bloomberg)

OSLO - Christiania Bank ASA, Fokus Bank ASA and the stateowned Postbanken said Tuesday they would merge in a bid to cut costs and wideo their impact.

The merger will create the largest bank in Norway. With assets of 302 billion kroner (\$39.84 billion), it will surpass Den norske Bank ASA. currently the largest, which had total assets of around 250 billion kroner at the end of June.

00

Christiania shareholders will bold 61.1 percent of the new bank, while Fokus sbareholders get 19.2 percent.

The Norwegian state, which owns all of Postbanken and 51 percent of Christiania, will get a combined stake of 'just over' 50 percent. A spokesman for Postbanken said

it was unlikely that the government of Prime Minister Kjell Magne Bondevik would block the merger because the government has maintained a neutral policy on bank mergers to date

"In an unstructured banking sector, pressure has been mounting for consolidation, and rising interest rates and falling oil prices are increasing that pressure," said Rod-

bey Alfven, an analyst at Swedbank said a Postbanken spokesman. Markets in Stockholm.

The Norwegian banking industry is relatively fragmented compared

with neighbors such as Sweden. The new bank will be based in the central city of Trondheim, where Fokus Bank is located. The chief executive of Christiania Bank, Tom Ruud, will serve as chief executive names," the banks said. of the merged bank, while the chief

In a joint statement, the banks owned Postbanken does not trade. said they expected to cut costs by I billion kroner annually and to keep

individual identities. "Postbanken's name and profile will be maintained, and Fokus's and will 'mark a further step in the Christiania's activides will be continned under regional brand

Share trading in Christiania and Sweden's largest, which continue to executive of Postbanken, Tormod Fokus was suspended on the Oslo Hermansen, will become chairman. Stock Exchange until Wednesday at dominate the area.

Alvis will benefit from GKN's

an order book of £385 million.

150 jobs and closure of the Alvis

plant in Coventry. It promises cost

Michelin Net Falls And Shares Plunge

Compiled by the Surf From Disputeres

"This is likely to be supporting

for the banks' ratings, 'said Olivier Szwarcberg of Barclays Capital.

Combining the three banks, he said,

Scandinavian banking sector con-

solidation, creating Norway's

largest and a bank closer to par with

(Bloomberg. Bridge News)

PARIS - Michelin SCA, the world's largest tire company, said Tuesday that first-half profit fell nearly 1.3 percent as the recession in Asia more than offset booming demand for truck tires in North America and Europe.

The company reported net earnings of 1.63 billion francs (\$286.4 million) in the first half, down from 1,87 billion francs a year earlier, Sales rose to 41.02 billion francs from 38.41 billion francs.

The company's shares plunged on the results, finishing at 246.4 French francs, down 29.6 francs.

Michelin has invested heavily in emerging markets to cut its dependence on Western Europe and North America, which account for about 85 percent of revenue. Despite the current difficulties in emerging markets, the company said it wanted to increase its presence in them.

Michelin said it expected its results to improve in the second half of the year.

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and Clio models in Europe.

PARIS - Renault SA said Tuesday its first-half profit almost tripled, buoyed by cost reductions and rising demand for its Megane

earned 4.44 billion French francs on last year to shake off a 1996 loss

⁶ Cost-Cutting and Increased Demand Triple Renault Profit

31.88 million Alvis shares, mak-

ing GKN the biggest Alvis share-

in Alvis in return.

The French company is reaping the benefits of a 20 billion-franc Europe's sixth-largest carmaker plan to cut costs, which it embarked was the result of "restructuring,

Renault's first-half sales snrged 22 having closed its Belgian plant last percent, to 121.7 billion francs, year. As a result, its earnings outprompting the carmaker to predict a look has improved, boosting its record sales year for 1998. stock 66 percent this year.

Sabine Bluemel of IMI Sigeco in London said Renault's turnaround stroog demand in light vehicles in

(Bloomberg, Reuters)

WORLD STOCK MARKETS

(\$780.2 million), up from 1.67 bil—its first in a decade. It plans to cut Western Europe and a booming truck lion francs in the first half last year. 2,700 jobs in France this year after market in Europe and the U.S." High Low Close Prev.

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Ringgit Rule Tightened

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Ringgit Rule (alm Is Tightened

KUALA LUMPUR Malaysian central bank on Tuesday tightened rules on the remittance of ringgil deposits from accounts overseas, saying that transfers are allowed only between accounts belonging to the same owner.

The central bank's clarification the fourth in two weeks -- comes amid lingering confusion among invesiors over how the bank would implement capital control measures announced Sept. 1. Foreign fund managers have been paralyzed by a new rule that forces them to hold ringgit funds for a year and by curbs that make it unattractive to sell

Separately, the central bank said that its Sept. 5 rule exempting "dividends, interests, rental, commissions and profits" from the capital controls also applied to earnings from stocks.

That means foreign fund managers who make a profit selling Malaysian stocks can convert those ringgil into their home currencies without restriction, a central bank spokesman said.

The principal invested in a stock, however, must be kept in a Malaysian bank for a year before it can be

The benchmark stock index surged as much as 70 percent in the week after Malaysia imposed capcision.

Some fund managers may have of the amplanes as we expect the made profits, and these can be converted into their home currencies. That would be good "for foreigners who can still participate" in the market, said Gan Kim Khoon, research manager at SG Research

But Marc Jullienne, an institutional sales trader at SG Securines in Singapore, wondered how much profit there was "walking around Malaysia now."

He also said that the ability to convert principal was "the heart of the issue.

Malaysian stocks fell Tuesday as confusion about the government policies offset the boost they had Forts to release money to debt-laden and are ready to print money to ease

The key Kuala Lumpur Composite Index fell 4.16 points, or 1.06 percent, to 389.08.

The rules have been changing every single day, "said Patrick Russell, managing director of W.L Carr (Malaysia) Sdn. "People are taking the view that they must wait for the

Indonesian Shares Plunge 8.9%

Compiled by Our Staff Front Disputches

JAKARTA — Indonesia's benchmark stock index tumbled 8.9 percent to its lowest level in five years Tuesday in a sell-off sparked by speculation that the government planned to introduce Malaysian-style foreign exchange controls, dealers said.

The Jakarta Stock Exchange Composite Index fell 28.44 points to 292.15, its lowest level since

The speculation, however, helped strengthen the rupiah, tak-ing the dollar to 10,975 rupiah ging its currency, the ringgit, to a Indonesia

Sjahril Sabirin, the governor of Bank Indonesia, rejected the ru- starting next month. mors of impending foreign ex-

'What's for sure is that even now, there's no plan to take any July 1997. steps other than the system we are currently implementing," Mr. Siahril said.

A European brokerage dealer said foreigners kept selling despite follow suit. the Bank Indonesia denial 'Malaysia denied it, then they

implemented the controls," the

dealer said. ging its currency, the ringgit, to a fixed exchange rate and pulling it out of international circulation

change controls, but he failed to elbow room to lower interest rates ket.

halt the slide in stocks as foreign-ers continued to sell, dealers said. without fear of the markets pres-suring the ringgit, which had fallen 40 percent against the dollar since

> Malaysia's move triggered a global debate on capital controls, but several regional economies have disclaimed any intentions to

Mr. Sjahril said in remarks pub-lished last week that Indonesia had no intention of following Malaysia's example, having tried con-Malaysia introduced sweeping trols in the past and found them

Indonesia's experiment with exchange controls in the 1960s and 1970s resulted in rampant currency smuggling and the economy
That gave Kuala Lumpur the being dominated by the black mar-

EVA Cancels Airbus Deal as It Posts Loss

TAIPEI - EVA Airways Corp., has canceled plans to buy 12 Airbus Industrie passenger planes, an ex-ecutive for the No. 2 Taiwanese carrier said Tuesday.

K.W. Nidh, senior vice president. cited a slump in the Asian travel industry as the reason for the de-We decided to suspend huying

aviation to stagnate for two to three years in Asia," Mr. Nidh said. EVA signed a letter of intent with Airbus to bny 12 A340-500 or A340-600 planes last year, he said, something every competitive carrier hut the value of the purchase was not must develop to fullest," he said.

specified in the accord. The announcement came after the airline posted a loss of 583.8 million Taiwan dollars (\$16.9 million) for the first half amid regional economic woes. Sales rose 9.6 percent from the first half of 1997, to 20.1 hillion dollars. EVA reported a profit of 180 million dollars for the first balf Mr. Nidh said EVA had signed

code-share agreements with Ansen Australia Ltd. and Air New Zealand, effective Oct. 25. 'The airline industry code-sharand affiliation trend is

The leading Taiwanese carrier, China Airlines, last month reported a loss, its first in 12 years, of 1.56 hillion dollars for the first half, com-pared with a profit of 1.76 billion dollars in the first half last year. "Taiwan airlines were almost un-

prepared for the financial crisis,' said Chris Hsieh of Nomura Securities. "Everyone was talking about big expansion in 1997. Things are quite different this year."

Alex Chen, HSBC Securities research manager, said, "The numbers of tourists traveling in the region have shrunk significantly, and companies have tightened their belts by cutting business trips." (AFP, Reuters)

RUBLE: Russian Default Could Mount to \$200 Billion

Continued from Page 15

Minister Yevgeni Primakov tries to assemble a new cabinet.

These purists characterize Russia's new stewards as Stalinist retreads who desire a larger role for and are ready to print money to easo the cash crisis.

The new government's economic advisers say they want to preserve the strengths of the market while imposing tighter regulatory controls.

They also advocate reversing the government's move to effectively devalue the ruble and impose a debt

have invoked Franklin D. Roosevelt's New Deal as a model.

"Russia has lost the trust of its citizens in its financial and banking system," said Leonid Abalkin, a top Soviet economic planner in the 1980s and oow director of Moscow's Institute of Economics, who met with government officials Monday to discuss economic strategies.

The first thing that one has to do is defend people and make them safe from poverty."
How the West approaches Rus-

sia's deht problem — and how open it is to working with a Russia that

An economic historian, Robert Kutmer, noted that it was international lenders' push for onerous debt repayments from Weimar Germany in the 1920s that led to hyperinflation there and the rise of the Nazis.

'If you simply want Russia to repay its debts, the economy collapses," Mr. Kuttner said, "And if you only let currency speculators determine the value of the ruble, then you'll have hot money flying in and out of the country.

"What you need is for the Russian government and the international community to work together wants to chart an economic course to control capital flight and the moratorium, decisions that precipitated the economic crisis. And they

of its own—is going to be a delicate
ruhle's exchange rate and to support
Russia's version of the New Deal."

Consumption Investor's Asia Plummets in South Korea

Agence France-Presse

SEOUL — Domestic consumption plunged 28 percent in South Korea during the first half of the year, the most dramatic decline the world has ever seen, a research organization said Tuesday.

Among the Asian countries hit by the region's economic malaise, South Korea has suffered the most dramatic decline in consumption, the Daewoo Economic Research Institute said.

In the midst of the Great Depression in 1930 and 1931, the United States posted decreases in consumption of just 6.4 percent and 13.4 percent, the institute reported.

Thailand and Indonesia - the other two Asian nations worst affected by the crisis that enupted last year — will see their consumption levels fall by 14.2 and 20.5 percent respectively, the Daewoo institute

The level of consumer spending in South Korea is expected to plunge 27.2 percent by the end of the year compared with 0.8 percent at the end of 1997, Daewoo predicted.

The institute blamed the contracnon of the deht-ridden financial sector, punishing interest rates, the depreciation of the won and a corporate restructuring drive that has resulted in high unemployment. Joblessness his an all-time high of 7.6 percent in July.

Meanwhile, embanted South Korean companies are offering bargain deals on sales of idle facilities and equipment as factory use plunges to record lows under the strain of the economic firestorm in Asia.

The aim is to sell to overseas huyers to help build up precious foreign currency reserves, said Park Yong Tak, a commerce and resources ministry official.

■ Samsung to Stay Active

Samsung Motors Inc. said it had no plans to give up its operations, amid speculation it would be forced to do so if it failed to acquire Kia Motors Corp., Agence France-Presse reported.

The denial coincided with a repon that Ford Motor Co. was still interested in taking over ailing Kia Motors, despite its decision last week to drop out of the competition.

"A company was set up and a factory was constructed to do business. We are not thinking of giving this up," the vice chairman of Samsung Motors, Lee Dac Won, said.

Hong Kong Hang Seng 1500 9000 1300 8000 7000 13750 Prev. Exchange Tuesday Change Close 7,733.47 7,661.86 +0.83 Hong Kong Hang Seng +2.84 877.83 Singapore Straits Times 2,510.20 All Ordinaries Sydnay 14,227.37 NEKKEI 225 Closed -1.06 Kuala Lumpur Composite 389.08 393.24 -0,12 Bangicok 211.08 211.34 -1.26 318.29 314.24 Composite Index Stock Market Index 6,857.96 6,860.17 Talpei **-0 03**

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 Anna Murdoch, the estranged wife of the Australian media baron Rupert Murdoch, is leaving the board of News Cnrp.,

Composite Index

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· Standard & Poor's Corp. cut its credit rating for Malaysia to a cotch above "junk," one day after a cut by Moody's Investors Service Inc. S&P cut the long-term foreign currency credit rating to BBB-minus from BBB-plus and the tong-term local currency rating to A-minus from A-plus.

 Malayan Banking Bhd., the biggest bank in Malaysia, cut its base lending rate to 8.9 percent from 9.05 percent, falling in line with the government's push to case credit.

• Philippine imports tumbled 22 percent in July from a year earlier, a seventh monthly decline as a weakening peso sapped the nation's ability to buy goods from overseas. The government said earlier that exports rose 21 percent in July.

 Brierley Investments Ltd. will sell at a loss its 25 percent stake in a partnership that owns 188,000 hectares (464,000 acres) of foresis in New Zealand. Fletcher Challenge Ltd., a partner in the venture, will pay 90 million New Zealand dollars 1\$46.2 million) for the stake, which Briefley bought in 1996 for 160 million New Zealand dollars.

· Seagate Technology Inc., the world's largest maker of computer disk drives, said it might sell an unused plant it built for \$70 million in the Philippines last year.

 MIM Huldings Ltd, an Australian copper, zinc and coal producer, said Bruce Vaughan, 71, would retire as chairman Oct. 31. to be replaced by Leo Tun. 60.

· China's floods, which caused the closure of scores of wells last month at the Daqing oil field, cut production there by 0.6 percent of the field's annual output, or \$27 million in losses based on current oil prices, the government said.

· Puhang Iron & Steel Co. will cut dollar-denominated prices paid by South Korean exporters for the second time this year to narrow the gap with won-denominated prices paid by other domestic companies. The price of cold-rolled steel will be lowered by \$27 per metric ton to \$308.

17. Bloomlyrg

APEC Officials Fear Delays Over Free-Trade Package

KUANTAN, Malaysia - Officials at the Asia Pacific Economic Cooperation forum ended three days of talks here Tuesday amid doubts over whether a credible package for early lib-eralization in nine "fast track" industry sectors would be ready when Asia-Pacific leaders meet in two months' time.

Wrapping up the final meeting of officials before the November summit in Kuala Lumpur, the Malaysian chairman, Abdul Razak Ramli, said members "need to refer to some experts at home" to complete the package.

He said, "We have found an approach by

which economies would actually flesh out re-servations into flexibilities to fit in with the mandate given to us by trade ministers that economies will participate in all sectors and all

But APEC officials said they faced a daunting

task over the next two months if a substantial products to between zero and 5 percent starting next year - was to be endorsed by the leaders.

Andrew Hsia, director-general of international organizations at Taiwan's Foreign Ministry, said it was difficult to say whether leaders would have

"It involves so many economies, so many sectors, so many items, domestic sensitivities. It will be a difficult process," Mr. Hsia said.

APEC groups Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Gninea, the Philippines, Singapore, Taiwan, Thailand and the United States. Russia, Vietnam and Peru are set to formally

join the group in November. APEC's trade and investment committee said

but diluted the plan adopted at last year's summit - lowering tariffs on a wide range of in November. Japan, for example, is particularly reluctant to open its fishery and forest products sectors. For forest products, a committee report said there were "still too many reservations" and that is some areas, "reservations are far from limited in nature and have the effect of removing

the liberalization element of this proposal." Taiwan, worried about the livelihood of 300,000 people in the fishing industry, wants trade and investment committee, said coordin-'more discussions on the details," Mr. Hsia

Two other contentious sectors are energy and the environment. According to the latest proposal, tariffs would be eliminated by the beginning of 2003 in the environmental sector and by mid-2004 in the energy sector.

But some energy exporters are arguing that tariffs on anything from hulldozers to shovels and buckets should be climinated as they are all sector, telecommunications, is already settled.

used in the mining industry, an official from one country said. "The hidden aspect of the fast-track sectors is that most of the coordinators are from the exporting economies," the official said. Developing economies are quite frustrated. They feel they are being pushed by the exporting

Leung Pak-Cheung, director-general of the Pacific Economic Cooperation Council, one of APEC's three official observers, said he was certain an agreement would be struck at the 11th hour, as has been the case in other trade rounds. Edsel Custodio, the Philippine chairman of the ators for each sector would stay in touch over the next two months to patch up any gaps

'Most of the information is now in hand. So they can make some decision bow the packaging would be so everybody can come on board. From now on they will work hard to complete the package." Mr. Custodio added.

Other priority sectors include chemicals, gems, medical equipment and toys. The ninth

IBM and Korean Air Reach Technology Deal

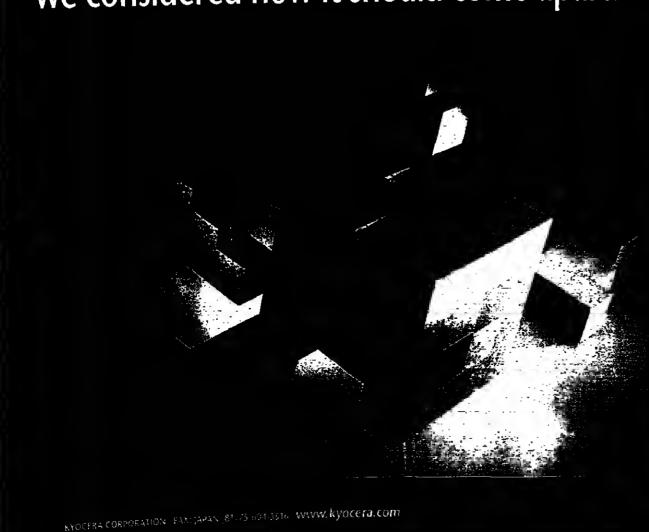
Agence France-Presse

SEOUL - International Business Machines Corp. closed a deal Tuesday for the restructuring of information operations at Korean Air, part of a long-term IBM plan to

bolster investments in crisis-hit Asia. The agreement for Korean Air to use IBM products is valued at more than \$400 million and will be IBM's first major technology transfer here. IBM's chief executive. Louis Gerstner Jr., said the company would provide \$7.3 billion in goods and services in the next three years to set up engineering support centers here.

IBM also was negonating a technology services joint venture with the South Korean conglomerate SK Group, a deal that could be worth up \$1 billion, an SK spokesman said.

Before we put our finest printer together, we considered how it should come apart.



Because it's all part of the earth.

It had never been done before. Take an ordinary office machine and turn it into a model of ecological manufacturing. Focus on eliminating waste and saving resources. The result is earthfriendly and economical. Kyocera's Ecosys printer.

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Today, Kyocera's Ecosys printer bears the world's most important symbols of ecological responsibility.* You might say it's a model of environmental design. It wasn't easy to produce. But we think a healthy planet is worth the extra effort.

Including Australian Conservation Foundation seal (Australia); Eco Logo (Canada); Blue Angel (Germany); Eco Mark (Japan); Energy Star (United States and Japan); Energy 2000 (Switzerland)

K40CERa

But, as Election Looms, President Remains Popular

By Anthony Faiola Radimeion Post Service

SAO PAULO - Here in Latin America's largest nation, the Samba Days have lost their rhythm. In the past few months, unemployment has increased steadily and booming economic growth has screeched to a halt.

In the past week alone, interest rates have almost doubled -- to 50 percent -- as Brazil bleeds \$1.5 billion a day in fleeing foreign investment. The most Brazilians call Mr. Cardoso by his government, meanwhile, has been forced to make given names — "was nightmarish!" exgovernment, meanwhile, has been forced to make emergency spending cuts, and more belt-tightening measures are expected this week.

So, with the world watching anxiously to see whether Brazil becomes the biggest casualty yet in the global economic crisis, one might think Brazilians are looking for a change in the presidential election two weeks from now, right?

Wrong. In fact, unlike President Boris Yeltsin of Russia or Indonesia's former President put us back together again."

A former admirer of Karl Marx

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NOTICE TO SHAREHOLDERS

One to the monetary and exchange restrictions imposed in Values on September 1st, 1998 and based on paragraph 7 (11 Values of which agreem Prospectus Proposition of Valuation

thrand all of the current Prospectos PSuspension of Valuation of the NAV par Share and of the issue and Repurchase of Shares") and article 22 th and 60 of the articles of incorpora-

Stares) and article 22 fit and of of the articles of meripora-tion, the Board of Directors, in consultation with the fund's legal advisors and in the lar and equitable interest of the Shareholders, has decided to temporarily suspend the ralenla-tion of the net asset value per share as well as the issue and redemption of shares with effect from September 10, 1998

and forther notice.

According to article 22 (b) and (b) of the articles of incorporation and paragraph 7 (f) (b) and (d) of the Prospectus, the
Board of Rincetors may temporarily suspend the calculation of
the net asset value per share, the fissue and the redemption of
the shares when a political economic, military, monetary or
other concretely beyond the control, liability and influence of
the bond makes the disposal of the assets impossible under
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business transactions became impracticable.

Luxembourg, September 10, 1998

Suharto, President Fernando Henrique Cardoso of Brazil, who took office in 1994. enjoys such enormous popularity io this nation of 160 million people that polls say he may receive more votes than all his opponents combined on Oct. 4 - enough for an outright win without a runoff.

The key to why is as simple as the basket of vegetables in Julia Vilcia's hands.

'Oh, life before Fernando Henrique' given names — "was nightmarish!" ex-claimed Mrs. Vilela. 58. a nursemaid buying celery, onions and guava at an outdoor market in Sao Paulo, the world's third most populous city, after Tokyo and Mexico Chy. He made our money worth something. He stopped that horrible inflation and made our situation stable."

5he added, "I think he's the only one who can

turned diebard capitalist, Mr. Cardoso reigns as Brazil's economic hero because of his success in ending hyperinflation, once so extreme prices for food or furniture could double in the time it took to cash a paycheck. He did it with his Real Plan in 1994, which pegged the Brazilian currency, the real, to the U.S. dollar. At the same time, he opened the economy to foreign investment and moved to privalize state-run industrial dinosaurs.

The plan helped Brazil's vast oumber of poor most of all, and today they desperately fear a return of hyperinflation. Making up about 40 percent of the population, the poor were the least likely to keep their money in interest-bearing accounts, which profited from the rising interest rates that accompanied inflation.

Also, as the economy stabilized and the real's value solidified, stores began offering credit to the poor to buy such products as microwave oveos and televisions for the first

At the same time, Mr. Cardoso managed, until very receotly, to become the darling of international investors, with Brazil luring more direct foreign investment than any



Mr. Cardoso being hugged by a supporter during the Brazilian election campaign of 1994.

But now Mr. Cardoso finds himself desperate to preserve his Real Plan, currently in greater jeopardy than during any period of his presidency. The key index on the stock market in Sao Paulo, the financial capital of Latin America, has lost 40 percent in the past 30 days.

That happened as foreign investors, chastened by Russia's economic collapse, have taken a w, skeptical look at the plan, concluding that while it may have licked inflation, it did so at the cost of inflating the value of the local currency on world markets, ballooning the trade deficit and increasing public debt to a whopping 7 percent of gross domestic product.

Even though the banking system here is far more solid than in troubled East Asian countries or Russia - seven of the 10 largest local banks are owned by U.S or European banks - many still see this natioo as vulnerable. Today, Brazil needs \$50 billion a year in foreign investment to cover its deht, although it still maintains cash reserves greater than that.

An economic collapse here would be far more costly to the international community than any to date, including Russia's. U.S. companies have more than \$26 billion invested here, and it would hit Wall Street especially hard.

Investors are taking a hard line on Mr. Car-doso's inability to deliver the type of sweeping governmental reform he has promised for years, including politically unpopular overhauls of the extraordinarily generous social security system and labor laws.

Alexandre Barros, a Brasilia-based political analyst, said, "The problems here aren't just because of panic from Russia and Asia; it's because Cardoso has failed time and time again at

He is doing what is politically best for him, not for Brazil. Indeed, rather than devaluing the currency — a move that surely would trigger a politically damaging surge of inflation before the election - Mr. Cardoso has encouraged the Central Bank to increase interest rates to dizzying levels, a tactic that is sustainable only for a short time before the Brazilian economy would dive into a deep recession that likely would take the rest of Latin America with it.

Mr. Cardoso also has belatedly slashed government spending - mostly in transportation and environmental programs - and likely will be forced to take even bolder measures as international pressure on Brazil continues:

In an almost uncanny way, however, he has maintained deep popular support. Brazilians seem to believe that because he has proven his ability to cope with crises in the past, he may still

find a way to guide the country to safety again. He remains, for most people bere, the brainy, multilingual intellectual who made Brazil respected on the world stage and strengthened its democracy while making it an economic force to be reckooed with.

Mr. Cardoso's vast support, experts say, also stems from a weak opposition. Luiz Inacio socialist leanings, is his only real rival and voter preference polls show him with less than half of Ir. Cardoso's 43 percent rating.

The ultimate question for Brazil, however, is this: What is Mr. Cardoso prepared to do affective election? "After the election, he is going to have to show investors that he is actually making the reforms he's talked about," said Mauro Schneider, deputy president of ING Bank in: Sao

Mexican Economy Not in Crisis - Yet

By Sam Dillon New York Times Service after talistica di "

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MEXICO CITY - The manager of a store selling imported kitchen utensils says many customers walk out when they see his prices.

Some auto repair shops report that owners are out coming back for their cars, apparently because they cannot scrape together the money. Yet a salesman at a Mexico City Chevrolet dealership says that he is still selling about 20 tiew cars a month, the same as usual, despite soaring interest rates. "We don't feel like we're in crisis here," the auto salesman, Roberto

Aviles, said. . In recent weeks, the peso has lost 18 percent of its value, interest rates have leapt above 40 percent, and many companies on the Mexico City stock exchange have lost more than half their value. But the Mexican economy was growing at such a robust rate before the financial storm hit that, so far, signs of a slump remain anecdotal and mixed.

Figures for August, when the devaluation of the Russian ruble beightened an investor stampede from emerging markets, will only be released here next mooth. Analysts expect to see signs of a downturn then, but growth was so strong in 1997 and during the first half of this year that many believe Mexico will still see 4 percent growth or more in 1998.

Global economic troubles hit Mexico early in the year, when world prices for basic commodrices, including metals, grain and oil, began to plunge. One Mexican steel company laid off 3,000 workers in July. And since oil exports make up about a third of its revenue, the government-has sliced \$2.8 billion from an original

\$58.4 billion budget The government cuts have hurt hundreds of companies whose prosperity depends on public cootracts, especially heavy construction companies, said Francisco Caballero, director of the enter for Economic Studies, which examines

116 manufacturing sectors.

And since late last month, the financial fur-"Lula" da Silva, a perennial candidate with bulence has translated into falling demand in more areas of business, although most industries still have not been affected, Mr. Caballero said. Two exceptions have been the domestic construction and auto industries, which are par-

> With rates above 40 perceot, "It's a good assumption that housing will be one of the industries affected in the short run," said Gordon Lee of Deutsche Bank Securities. But even here,

ticularly sensitive to interest rate shifts.

Heinz Pauli making institutional reforms, and he has also Paulo, "If oot, I don't want to speculate, but he said, investors have exaggerated the degree to developing nation except China. tried his best not to be upfront about his failings. which the largest builders will be hurt. things will get even harder here." September 15, 1998 Advertisement To receive free deliving quotations for your funds subscribe all a funde with com INTERNATIONAL FUNDS For information please contact.

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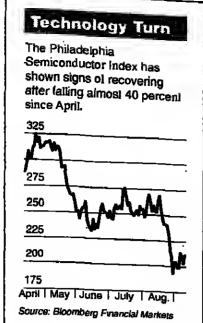
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INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, SEPTEMBER 16, 1998

INTERNATIONAL INVESTING



Signs of Higher Profit Stir Talk of Rebound in Tech Stocks

New York Times Service

NEW YORK — Investors have seized Intel, Oracle and National Semiconductor to drive technology shares higher.

Upside surprises have been few and far between in recent months, so there is stock buyers to extrapolate a recovery in technology from these three data points.

Indeed, some analysts said that so many companies had either warned of poor results to come or had reported ders. But it noted that orders were still carnings below estimates in the quarters ending in March and June that a sizable number would now beat Wall Street's and December.

qualifies as a recovery is still open to ness. But in applications, where Oracle

Look at Intel Corp., which said last was flat, and the company still lags far week that its third-quarter sales would be behind rivals like PeopleSoft Inc. and

on some mexpected good news from quarter, rather than flat, as it suggested market is widely regarded as mature. earlier. While 10 percent sequential revenne growth is enormous, it is in comparison to the weak June quarter, which Exchange semiconductor index, which showed no revenue growth over the peria strong incentive among prospective od a year earlier and a 29 percent drop in

> Similarly, National Semiconductor Corp. said sales would be up over earlier forecasts because of strong Angust or- Philadelphia index has gained 12.6 perdown 30 percent from the previous year. For its part, Oracle Corp. announced

ily to stronger-than-expected license rev-Whether that kind of performance enue from its traditional database busihas placed its hopes for growth, revenue

8 percent to 10 percent higher than the \$AP AG of Germany. Oracle remains the \$5.9 billion reported in the second dominant database company, but that Mr. Edelstone said he did not of the industry still lags."

Nevertheless, many analysts are ready to call a bottom. The Philadelphia Stock peaked in late April, nearly three months earlier than the broader technology sector as reflected by the Nasdaq composite index, may also turn out to be an early indicator of a market turnaround. The cent since hitting its 52-week low of

190.04 points during trading Sept. 1. The pickup in National Semiconductper-share earnings that were several cents or's orders was primarily in the comdiminished expectations for September above analysts' estimates, thanks primar- pany's personal computer-based product lines, said Mark Edelstone of

organ Stanley Dean Witter. The PC inventory correction is over. and PC demand is seasonally higher in the second half of the year," he said, adding, "Intel is the first company to get healthy. more corporations are likely to upgrade spending."

Mr. Edelstone said he did not expect many positive surprises in the semi-

محذامن الاص

conductor business in the third quarter, but he does in the fourth. 'In the second quarter, more than 20

semiconductor companies pre-ancent were below estimates. I think we be the first to recover. can cut that number in half."

to happen going forward is what we're

seeing today," he said. Windows 98 in May, and its anticipated

personal computers. That push will ripple through the industry. Mr. Murphy said. giving a lift to makers of semiconductors,

disk drives and software. John Rossi, a managing director with BancAmerica Robertson Stephens, said technology stocks were the first to fall as nounced negatives," he said, "55 per- a result of the Asian crisis but might also

'The blue-chip companies took Michael Murphy, editor of the California Technology Stock Letter, takes an even more bullish view. "What's going nies will do the bulk of their spending to fix year 2000 problems."

While saying that technology compa-Technology companies could flourish nies could prosper even in an economic even as blue-chip companies head into downturn, Roger McNamee, a principal recession because they are typically driv- in Integral Capital Partners, which speen by product cycles rather than economic cializes in technology stocks, but took a cycles. With Microsoft Corp.'s release of more cautious view. Personal computer technology, he said, "is the likely place release of Windows NT 5.0 next year, people will do triage in terms of capital

In Cyberspace, as in Cartoons, It Pays to Look at the Bubble

By Jerry Knight

WASHINGTON - Everyone who reads "Doonesbury" knows how the Internet start-up game is played.

As the cartoonist Garry Trudeau pointed out when he introduced readers to his satiric start-up, Mikim Inc., profit is beside the point. Revenue is nice, but not really necessary. Growth of \$19 a share. Since the is measured by the "burn rate" — in has fallen to around \$3. cyberspace, success means spending money faster than the company did

last quarter or last year. company based in the northern sub- been vapor to begin with. When the urbs of Maryland whose products stock was at its peak, E-Net had a allow people to make phone calls market value of more than \$160 over the Internet or on corporate million - or 200 times the total data-communications networks, is sales last year. Mr. Trudeau's kind of company.

last year, to \$723,000, although ex- start-up company could be worth penses rose much more — by 300 200 times its annual revenue. Not percent, to \$4.2 million. The company has never made a profit, and E- cept that premise, they even de-Net officials refuse to speculate on when it will make money.

"Another Internet success story!" "Just think what we must be worth!" Mike added.

Talk about burn rates. In the past four weeks, 85 percent of E-Net sharebolders' investment has evap-By those standards, E-Net Inc., a orated, but a lot of that may have

Only in cyberspace and satiric At E-Net, revenue rose 32 percent cartoons did anyone argue that a only did Internet stock analysts acclared it a guiding principle.

with his partner Kim, she exulted: of its key rivals already were trading

at equally stratospheric levels.

Mr. Grover has since decided that "the valuation model was not cor-For shareholders of E-Net, "Just rect" - an understatement indicthink what we were worth," would be more like it. On Ang. 17, a week before the "Doonesbury" segment began, E-Net's stock hit a record high of \$19 a share. Since then, the price has fallen to around \$3. lingo dumped the stock then, when it

was selling for \$16 a share. Mr. Grover and many other investors became enthralled with E-Net because a publication called LAN News did some Consumer Reports-style testing and decided that its products were the best in their field.

One of E-Net's products is a \$159 black box that hooks up to a bome computer. When two computers equipped with the boxes are linked over the Internet, users can make long-distance phone calls without paying long-distance phone charges.

The real target of E-Net's busi-Vik Grover, an analyst at Kaufman ness, bowever, is business. Big

ter Mike tallied similar results for his predicted that E-Net stock could hit fictional Mikim, which he founded \$20 a share. Why? Because the stocks phone bills by routing calls over sion, it could not be traded and did corporate data networks.

À handful of other start-up companies are developing similar systems. but E-Net's system is considered by Mr. Grover and other analysts to be

one of the most promising. Turning a promising Internet technology into a stock worth 200 times E-Net's revenue required considerable help from the Net itself. however. Yahoo lists some 900 postings about the company's stock. most of them apparently from amateur investors taken with the company's technology and lure of free

long-distance calls. It is those Internet-influenced investors who got burned by the fail of E-Net stock. But all the signs had

been there, on the Internet. Like any company burning capital. E-Net needed to keep raising money. Last April 16 it disclosed that it had received \$5.1 million by selling 750,000 shares for \$7.50 each to the Pennsylvania Merchant Group, an investment firm.

Because the stock was sold

sion, it could not be traded and did not dilute investors' boldings.

But on Aug. 25 E-Net disclosed in filings available on the Internet that it had registered those shares and two other hatches, dumping an additional

1.125 million shares on the market. A few days later, with the stock down to \$9, The Street.com, a Web site for investors, warned that E-Net stock might plunge when the freshly

registered shares were unloaded. In fact, sources said, investors who held the newly issued stock already had cashed in their investment before the shares were even registered, when the stock was still

trading in the high teens. Selling unregistered stock is illegal, but what some investors are believed to have done was to get out in advance by short-selling — that is, borrowing stock from someone else and then selling it. Usually, short-sellers "cover" their positions and repay the stock loans by purchasing the stock later at a lower price. But in this case, they simply used the newly registered shares to

FX CONCEPTS

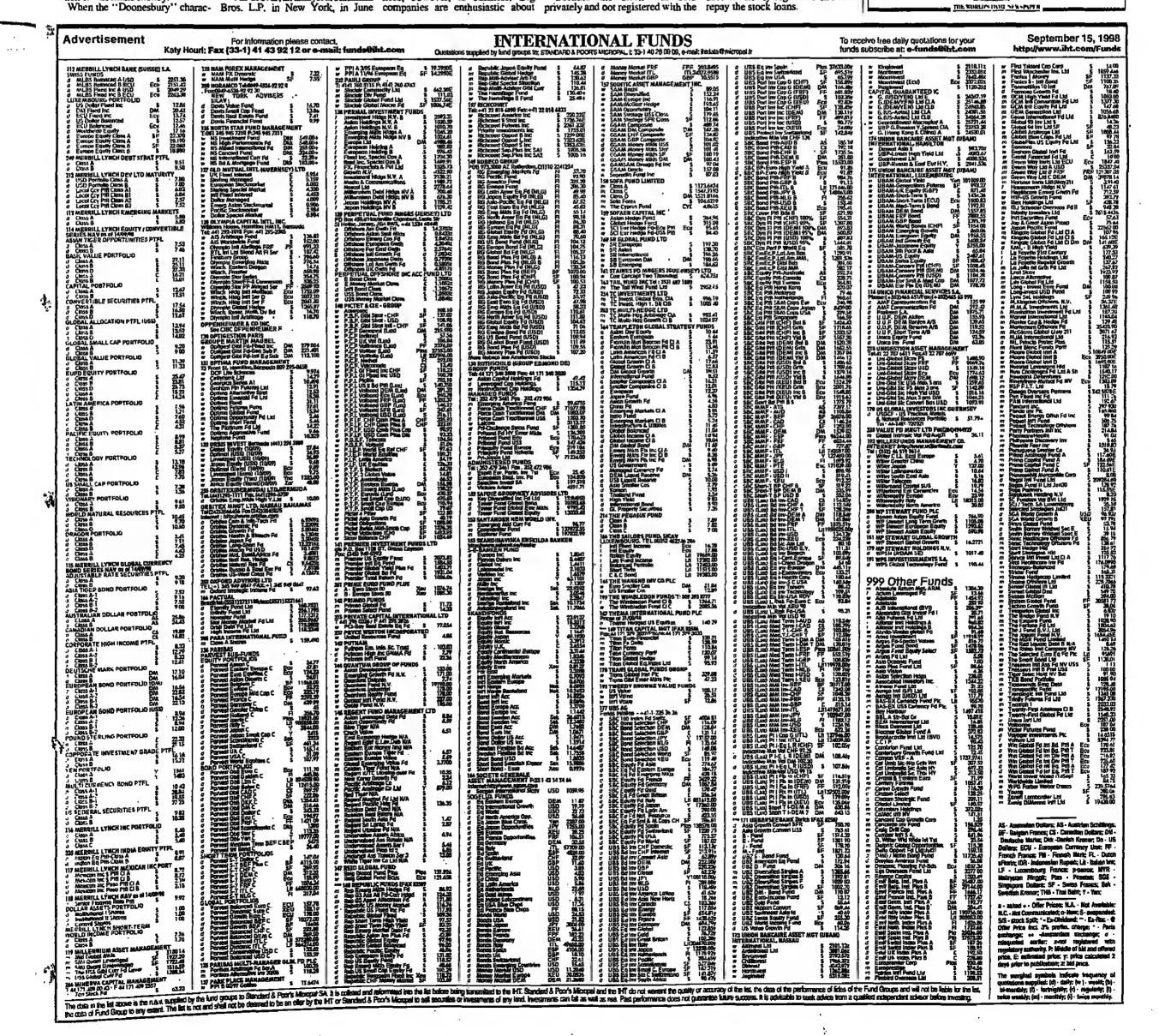
We are pleased to announce that Wilbur Kim bas joined the company as Senior Vice President in charge of Investment Management Marketing and Sales.

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Will It Be?

Counterbids Flag

SOCCER Expectations of a swift counterattack by a rival bidder to Rupert Murdoch's BSkyB for the English club Manchester United faded Tuesday as two rumored can-

didates stepped off the field.
The U.S. investment bank Salomon Smith Barney said it had advised a "potential client" that had asked for information on the club to retire to the sidelines until a review by British competition authorities had been completed. Time Warner and the British commercial TV company Granada have been widely rumored in the British press as potential rivals to BSkyB.

Earlier, another potential hidder, the U.S. advertising giant Interpublic Group, denied it was in the running to trump BSkyB's £623.4 million (\$1.04 billion) hid. (Rewers)

Poles Say No to Russians

SOCCER Sparrak Moscow was delayed by six hours on its way to a European Champions' League match at Graz, Austria, when Poland refused their charter flight permission to enter its airspace Tuesday, Having taken off at 11 A.M., the Russians found themselves back in Moscow three hours later fixing a documentation problem before taking off again. Polish authorities reportedly refused to give the flight permission to enter Polish airspace because of debts owed by the charter company Gromov-Air. (Reuters)

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Pakistani Steps Away

CRICKET- Pakistan's Wasim Akram, one of the world's great allrounders, has quit international cricket in a hid to clear his name over match-fixing allegations. He has not ruled out a return to the world stage in the future, but says be may need a two- or three-year break. (AFP)

WORLD ROUNDUP Slugfest of the Century

Sosa Could Get a Last Shot at McGwire

By Dave Anderson New York Times Service

TEW YORK - The day before the All-Star Game in Denver, Sammy Sosa was sitting with Ken Griffey Jr. in the interview area at Coors Field when he was asked whether he, Mark McGwire or Griffey had the best chance to break Roger Maris's re-

cord of 61 homers this season.
"I have my money on Mark Mc-Gwire," said Sosa, the Cubs' smiling slugger. "Griffey, I know you my boy,

At the time, McGwire, who had hit 58 homers a year ago, had 37. Griffey had 35 and Sosa 33. "We

have another half to go," Sosa said.
"Who knows? I might be the one, Griffey might be the ooe, or Mark." Like everybody else, Sosa was talking about the one man who might break

Maris's record. It oever occurred to VANTAGE POINT

him, or to anyone else, that two sluggers might hit 62 homers this season, much less that they would have done it with two weeks left in the schedule.

Against the Pirates in St. Louis on Tuesday, McGwire, the Cardinal first baseman, had two singles but no homers. Sosa, the Cub right fielder, was hitless in San Diego, striking out four

In past seasons, when the days have dwindled to a precious few, baseball has had some memorable pennant races and batting-title races. But it has never had a home run race anything like what Sosa has suddenly created in his day-to-day duel with McGwire.

Instead of chasing Maris's record, McGwire and Sosa are oow racing each other to whatever the eventual record might be - 65, 67, 70 or beyond when the season ends on Sept. 27. And Sosa may get the last shot because his season might not end then.

If the Cubs end up in a playoff with

the Mets or Giants for the National League wild-card berth, Sosa would get an extra game. If he were to hit any homers in a wild-card playoff game (but not a division playoff), they would count in his seasoo total.

In the final two weeks, McGwire will have to hope there is oo recurrence of the back spasms that forced him to leave Sunday's game. He was back in the lineup on Monday night in St. Louis, saying he felt fine.

Now there will be different psychological factors that would seem to help nd hurt both Sosa and McGwire.

The urgency of the Cubs' drive for the wild-card berth should help Sosa maintain his concentration. But of his remaining 12 games, only three are at Wrigley Field. He has hit 35 homers there, one every 8.37 at-bats, including four in three games against the Brewers over the weekend.

On the road, Sosa has hit 27 homers, one every 11.11 at-bats. After the fourgame series in San Diego that opened on Monday night, the Cubs were to return to Wrigley Field for three weekeod games with the Reds, then finish the season next week with two games in Milwaukee and three in Houston.

Although the Cardinals have oo wildcard aspirations, they play 10 of their final 13 games at Busch Stadium, where they opened a four-game series with the Pirates oo Monday night and where McGwire has thrived. With 32 homers there, he has one every 7.31 at-bats.

The Cardinals go to Milwankee this weekend for three games, then return to St. Louis for two games against the Astros and four against the Expos.

Over the season, McGwire has hit five homers against Houston, two each against Milwaukee and Pittsburgh and one against Montreal. Sosa has hit 10 against Milwankee, 4 against Cincinnati. 3 against Houston and 2 against San Diego.
Until Sosa's surge last weekend, Mc-

Gwire had always maintained his lead by responding to Sosa's homers with



Sosa heading for the dugout after striking out in the sixth in San Diego.

homers of his own. Now he must respond just to get ahead of Sosa again. Whatever happens down the stretch, this home run race promises to be more compelling theater than the last weeks of the 1927 season, wheo Babe Ruth hit

60, and the 1961 season, when Maris hit

Going into September 1927, Ruth had 43 homers, Lon Gehrig 41. In a Sept. 6 doubleheader in Fenway Park, Gehrig hit his 45th for the lead but the Babe quickly hit three - his 45th, 46th and 47th. The next day the Babe hit two more, then added 11 in his final 20 games for 60. Gehrig hit only two more for 47. . In 1961, Maris had 56 and Mantle 53

in September when Mantle developed a severe hip abscess from a flu shot. He missed 18 games, finishing with 54 homers. For both Maris and Ruth, there was no September pennant-race ur-gency. In 1961, the Maris-Mande Yankees won the American League pennant by 8 games; in 1927, the Ruth-Gehrig Yankees won by 19 games. And now, after all their homers and all their moments, the chase is over for Mark Mc-Gwire and Sammy Sosa, but their race for the record has just begun.

By Ed Guzman New York Times Service SAN DIEGO - The great home runchase came to Qualcomm Stadium in the form of Sammy Sosa, the newest

member of the 62 home run club. But initiation of a 63-home-run fraternity would have to wait another day, as the Cub right fielder went 0-for-4

with four strikeouts in a 4-3 loss to the Padres oo Monday night.
A crowd of 60,515 came to watch. Sosa, aithough only 23,948 were paying customers. It was part of a promotion in which fans could use unused tickets from previous Padre games. The pro-motion was scheduled long before Sosamade basebail history, and fans took advantage of it for a feel of the home run fever. Paying or not, the crowd was lively and rambunctious, filling the air.

with chants of "Sammy! Sammy!" Every time he struck out, Padre fans would both cheer and boo, cheering Sosafor his efforts and booing the pitcher.

The evening came to a dramatic cli-max in the eighth inning. After the Cubs tied the score at 3-3 on a one-out home run by Jose Hernandez, Mark Grace reached base on an error to bring Sosa up. to the plate. The Padre manager, Bruce-Bochy, countered with the right-hander Dan Miceli, who had given up Sosa's fourth home run of the season in April.

Miceli wasted no time, challenging.

Sosa with fastballs and striking him our on four pitches, the last one swinging, to. keep the score tied. Ken Caminiti then led-off the bottom of the inning with a homer that would give the Padres the victory.

Sosa later said that he just gave the bat with which he hit his historic home runs. to the Hall of Fame, despite reservations. 'I hit 59, 60, 61 and 62 with it," Sosa. said. "But when they told me that it would be close to the bats of Mark Mc-Gwire and Roger Maris, 1 said, 'O.K.'

■ McGwire Fans Are Uneasy Ira Berkow of The New York Times reported from St. Louis:

Cardinal fans are concerned that the spectacular home run race between Mark McGwire and Sosa that was supposed to be finished is heating up again.

and perhaps oot entirely to their liking. "People are saying Sosa will pass McGwire," said Daren Gatton, a bar-tender. "Sosa's on a roll, and Mark's

back is hunting."

There had been a question whether McGwire, who had suffered a back spasm in Sunday's game against Houston and was taken out in the fifth inning, was going to play at all oo Mooday night

as the Cards played host to the Pirates. But before the game, McGwire reported that his back was fine. He hit several balls out of the park in batting practice, and he was at his customary station, first base, as the game began

He did not do his customary damage, hitting no home runs in four times at bat against the last-place team in the National League East, McGwire went 2 for 4, with two singles, two runs batted in, one strikeout and no walks, as the Car-

As to whether McGwire would play oth games of a doublehead dinals won, 7-3. both games of a doubleheader oo Tuesday, LaRussa said: "I doubt he'll be out there for 18 innings with an ouchy back.

He'll play one of the games. Which one will depend on who the pitchers are." Since McGwire hit his record-breaking 62d homer last Tuesday, he is 3 for 18 in six games, with three walks and seven strikeouts. In that time, Sosa has hit four home runs to tie him. McGwire has now gone six games without hitting a home run. The longest he has gone this season without a homer is 10 games.

A fan with Sammy Sosa's 62d home run ball fleeing down a street.

It's Wild in the Streets Outside Wrigley

between Sammy Sosa and Mark Mc-Gwire is nothing compared to the fierce tussle behind Wrigley Field for Slamming Sammy's blasts into the

62d home run onto Waveland Avenue on Sunday, dozens of fans made a pile, one guy emerged with the baseball.

streets surrounding the stadium.
When Sammy Sosa launched his

theo bit and kicked and punched until Three people now claim to be the rightful owner. "Only in Chicago," said a police spokesman.

The Associated Press

On No. 62, said a fan, Bob

CHICAGO — The home run battle
etween Sammy Sosa and Mark Meswire is nothing compared to the

On No. 62, said a fan, Bob
Milkovich, the ball landed in an alley
where there was "just a sea of
people." The battle for the ball continued until one man, Brendan Cunningham, 33, emerged with it hidden under his shirt and took off. Cunningham found some police officers a half-mile from the park, and they

whisked him away for protection. A truck driver who claimed to have grabbed the ball first later complained that he had been robbed of the ball. A 15-year-old juvenile also claimed to be the first person to catch the ball.

3 Teams Battling for Playoffs All Lose smallest crowd at Turner Field in At-

After battling all summer for playoff position, Boston, Texas and Toronto are feeling the heat of September.

The three teams in the thick of the playoff race all lost Monday night, with the Red Sox and the Rangers failing even to score.

"This is what September baseball is all about," said the Texas starter, Aaroo Sele, who lost to Baltimore, 1-0. "They're oot playing for much. Here

BASEBALL ROUNDUP

we come in and have a tight race and they can knock us off. That's all the motivation they need." Texas fell two games back of AL

West-leading Anaheim. Sele pitched 64 shutout innings, and Baltimore's Juan Guzman didn't allow a run for seven. Alan Mills (3-4) got the victory, and Armando Benitez earned his 21st save after the Orioles scored the only run of the game on a sacrifice fly by

Eric Davis in the eighth. Yankees 3, Red Sox 0 The struggling Red Sox managed just three hits off Orlando Hernandez, Almost a lock to make the playoffs as the wild card a few weeks ago, the Red Sox have lost 9 of 11 as charging Toronto has cut the lead to three games. Hernandez (10-4) struck out nine and walked pope as the Yankees beat Boston's ace, Pedro Martinez

(18-6), for the second time in a week. Indians 6, Blue Jays 3 The Blue Jays eotered with 14 victories in 17 games, but could not solve the Indians' starter. Dwight Gooden, who woo his fifth straight decision.

Angels 4, Devil Plays 2 Todd Greene and Garret Anderson hit RB1 doubles during a four-run eighth inning as Anaheim ended a three-game losing streak by winning in Tampa Bay.

Royals 16, Athletics 6 In Kansas City. Mike Sweeney and Jeff King hit threerun homers, and Dean Palmer drove in four runs for the Royals.

Mariners 10, Twins 3 Mac Suzuki (1-1) got his first major league victory, and Russ Davis hit a three-run homer as Seattle woo in Minnesota, which lost its fifth straight. Ken Griffey Jr., who leads the AL with 51 homers, went 0-for-5.

White Sox 17, Tigers 16 Chicago's Ray Durham and Craig Wilson led off the 12th inning with homers off Doug Bochtler (0-2).

■ 7th Straight Title for Braves

Ho-hum, another division title for the Atlanta Braves. Add one for the Houston Astros, too, albeit a hit later than they hoped. The Braves made it seven straight division titles, taking the NL East with a 4-2 victory over the Phil-

How expected was it? The clincher attracted only 33,367 fans, the secondsecurive division titles when Tom Glav-

Atlanta added to its record of con-

lanta since May 28.

ine became the NL's first 19-game winner. Chipper Jones and Michael Tucker homered for the Braves. Mets 7, Astros 4 The Astros lost in 13 innings but also got to break out the

champagne for winning their second straight NL Central title. Houston clinched the champiouship when second-place Chicago fost to San Diego, a defeat that dropped the Cubs into a tie with the Mets for the wild-card lead. A crowd of 24,241 at the Astrodome

was ready to party when Houston took a 4-2 lead into the ninth. But Brian McRae hit a tying two-run homer in the ninth, then added a two-run double in the 13th as the Mets delayed the celebration. Phoenix, Travis Lee drove in five runs as Arizona took a 14-0 lead in the third

inning. San Francisco's most lopsided loss this season left it 31/2 games behind in the wild-card race. Browers 2, Reds 1 Jeromy Burnitz hit

his 37th home run and an RB1 double as Milwaukee won at Cincinnati. Expos 4, Martine 2 Brad Fullmer hit a

three-run homer, and host Montreal sent Florida to its 16th loss in 18 games. Dadgers 4, Rockies 1 Carlos Percz pitched his third straight complete game as host Los Angeles beat Colorado.

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STRICEOUTS—P. Mortinez, Boston, 236: Coursers, Toronto, 234: R. Johnson, Seattle, 213: Chirley, Anotheur, 199; Cone, New York, 194: Erickson, Baltimore, 169: Sounders, Tampa Bay, 162: saves—Perchal, Anghelm, 40: Gordon, Boston, 40: Welseland, 78: Apieter, Minnesoth, 33: M. Rhvera, New York, 35: Jiliontipomery, Karrisos City, 33.

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BATTING—L Worker Colorada, 257 Clerud,
New York, 342 Bichelle, Colorada, 237;
Piazza, New York, 320; Cirlin, Allawadae,
229; Biggio, Houston, 228; V. Goernra,
Morthrad, 327; Kendall, Pillaburgh, 277.
Bruss-Sonz, Chicaga, 122; Biggio, Houston,
121; Bagnest, Houston, 119; Chiones, Alfanto,
118; Alcohere, St. Louis, 118; G. Vangira, Son
Diego, 199; Roler, Philadelphia, 108;
283-Sonz, Chicaga, 148; Castiffa, Colorada,
137; McGerire, St. Louis, 137; Bichelle,
Colorada, 119; G. Vangira, San Diego, 114;
Golderropa, Allanta, 116.
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MITS-Bichelle, Colorodo, 212 Biggio, Housing, 199: Costilla, Colorodo, 194; V. Guerren, Montreol, 190; Ve. Bell, Housins, 183: Sesa, Chicoga, 183: Cellia, Asharotice. 183: Vina, Milheutice, 183: Cellia, Asharotice. 183: Vina, Milheutice, 183: Cellia, Asharotice. 183: Sesa, Chicoga, 183: Cellia, Asharotice. Colorodo, 48: O. Young, Cincinned, 49: Bichelle, Colorodo, 48: Chichelle, Asharota, 21: B. Lenkis, Chichendi, 18: N. Perez, Colorodo, 8. A. Jones, Arlonto, 8: K. Garcio, Anzono, 8: Desinalette, St. Loota, 8: 8 on Sed with 7.

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42 Ronterio, Florido, 41; Florid, Piorido, 27; A. Jones, Alberto, 25; Blumbin, Chairmett, 25; P1794 NG (17 Decision)—Smolty, Alberto, 15-2, 263, 3,10; Clevine, Alfanta, 19-6, 263, 262; A. Lather, New York, 15-5, 736, 246; K. Brown, San Diego, 18-6, 730, 2,36; Teport, Chicago, 18-7, 724, 476; Gertanet, 5an Pernetica, 12-5, 706, 446; Reynolds, Houston, 18-8, 492, 3,72; STRILEOUTS—Schläng, Pritadelphia, 28-6; K. Brown, San Diego, 218; Wood, Chicago, 253; Girland, Alborita, 192; Reynolds, Houston, 196; Part, Los Angeles, 174; Dreffort, Los Angeles, 16-6.

SAVES—Hoffman, San Diego, 50; Beck, Chicago, 46; Show, Los Angeles, 47-1, Franco, New York, 37; New, San Francisco, 36; Urbino, Monthers, 37; New, San Francisco, 36; Urbino, Monthers, 32; Respect, Houston, 29. JAPANESE LEAGUES

FOOTBALL NFL STANDINGS AMERICAN CONFERENCE

HATTOKAL CONFERENCE

CYCLING Tower of Spains

Leading placings Theoday in 1993 killometers (129 miles), 10th leg from Vie, Spain,
to Setecia de Pat, Andorrs.

1. Jose Marto Jimeteaz, Spain, Bamesta, 5
hours, 22 minetes, 39 seconds

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4. Ostor Començado Switz, Mapel, 131

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9. Jose Castelhianca, Colombia, Arianca, s.J.
10. Alex Zeolle, Switzerland, Festina, s.L.
6VERALLE 1. Abrahom Olano, Spain,
Samesta 42 hours, 56 minutes, 57 seconds; 2.
Jahobert, at 41 sec.; 3. Estapin, 1:10; 4. Simercez, 1:36; 5. Alvano Goldanna, Spain, Enstatel-Eustral, 2:6; 6. Lusta Armshoria,
U.S., U.S., Postal Service, 2:16; 7. Chrero,
2:28; 8. Zeolia, 2:26; 9. Herre, 2:28; 8. Zeolia, 2:26; 9.

GOLF

4. Fim Furth 4,502,631

PRESENTED COP Scandings for Presidents Cup Match to be played Dec. 11-13 at Royal stationartie Golf Crub in Melbourne, Australia. U.S. player points are based on official atomay entrings from start of 1997 season through the Tour Championartie, international seep will be the termined by Official World Rainlong at con-clusion of World Series of Golf, and will not Unduring a leave signification for the Economics.

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chaion of World Series of Soft, and was see, Incircle any player eligible for the Europain Prote Cup leave, Top 10 earn positions, and each captain will have two will-card pictor. UNITED STATES

1. Dovid David, 6,025,874

2. Tiger Woods, 5,474,966

2. Phil Michelson, 4,734,661

3. Th. Land, 1,979,431

6. Justin Leonard, 4,145,458 7. Davis Lave 3d, 3,835,691 8. Scott Hach, 2,674,734 9. Fred Couples, 3,574,363 10. Mark Colcovección 3,286,572 11. Lies Janzen, 3,014,996 12. John Cook, 2,899,800 12. John Cook, 2.899,002 13. Top Letenan, 2,749,012 14. Jeff Shawan, 2,609,081 ort 2.573.181 7. Emic Els. South Alden 9.88

7. Ernie Els. South Africa. 9.88
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3. Vigor Singh. Fiji. 7.92
4. Juerpa Czeld, Jopen. 6.91
5. Greg Monnon. Australia. 6.56
6. Steve Eldington. Australia. 6.57
7. Shigeli Monyama. Japan. 3.80
9. Shoot Applety. Australia. 3.69
9. Frank Nobilo, New Zeolond. 3.17
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11. Larios Franca. Pempuny. 3.09 11. Carlos Franco, Paraguay, 3.09
12. Frankie Minaza, Philippines, 3
13. Craig Parry, Australia, 2,98
14. Joe Craid, Japan, 2.81

RUGBYUNION PROBLEM DETERMINATIONAL Jopen 44, Argentine 29
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> SOCCER **UEFA CUP**

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TRANSITIONS BASEBALL

ASSERBALL

AMERICAN LEAGUR

AL-Suspended N.Y. Yorkees OF Donryl
Senarberry 3 genes and Tereste RHP Bill
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gome. Fined Strawberry \$1,000. Here York 28
Homer Book \$500 and studied and movels
to Ristey, New York coach Don Zinnhee, and
Tereste memoger Tim Johason,
Tokostro-Booght RHP Roy Holladay and
LHP Ber Van Ryn from Synasse, IL Designated RHP Joe Young and C Jislia Magquery for assignment.

NATIONAL LEAGUE

FLORIDA Acquired 2B Cesar Crespo from PANY. Mets to complete an earlier trade. Howeld Dick Egam pro scort.

SAM FRANCISCO—Recalled OF Damin Powell and NIF Wilson Delyado from Fresma. PCL Bought controct of RHP Steve Soderstrain from Fresma. Walved OF Alex Diaz.

BOUGHT MATIONAL HOCKEY LEAGUE
CALGARY-Signed D Eric Chornon. O David Cooper and O Chris O'Sulfivan. Released D Gerurd Adams. LW Korol Bartonus. C Chad Beagle, LW Mike DeGrinso, O Derek Holland. O Matt Kinch. RW D.L. Namocle. LW Sean McAslon. LW Alexet Podalinski. LW Kent. Singaon and RW Jerserny Thompson.

BALLAS—Signed C Steve Gainey to 3-year controct. Evitated controcts of Doug Juris and Rick Witson. assistant cooches, for 2 years. Hooston—Signed G Seun Burke to 2-year controct. Signed RW Radek Dwank, C Steve Washburn and C Chris Wells. Assigned F Ram Jacaha. F Ion Jacobs. O B.L. Ketcheson and O Pot Partheresis to Ordanio Hockey League. 2nd O Crist Orlando B.L.

Ketcheen and O Pot Partheres to Ordano Hockey Lengue, and O Cints Oxforded to Western Hockey Lengue, Released O Akarondre Couture and O Pow Debrety, LOS ANGELES—Signed Litt Steve McKenna to 1-year controct.

MONTREAL—Signed C Sergel Zhoflok, D. Brud Brown and G Jose Theodone to 1-year of South Tournfon to 2-year, and RW Torner, Sevenson and D Partice Brisbols to 3-year controcts.

NASHYILLE Signed RW Sergei Krivokro-

MEW JERSEY-Agreed to terms with C Dents Pederson. O Sheldon Sourcy and RW. W.Y.-ISLANDERS -Acquired LW Nic Beau-R.Y.-ISLAMbass—Acquired LW Nic Beau-doin from Colorado for cash considerations. Signed C Craig Charron, LW Ryon Hustos. G Staphen Valiquette. RW Miles Moder and C Miles Kennedy. R.Y. BUNGESS—Announced refirement of D

R.Y. RANGERS—Rundounced refirement of D Bruce Driver. Agreed to terms with C Horry York and O Lee Sorochan. PHOIDID—Re-Signed RW Share Doom to i-year contract. Signed G Scott Langkow to 1-year contract. Suppended LW Keith Tkachuk for failing to show up for team medical and filmess exams. filmass comme, or snow up not seem measco and filmass exame, ST. Levis—Signed D Rory Fitzpetrick and D Jamile Rivers.

SAN JOSE —Signed G Brace Racine. Re-signed C Steve Große. Assigned C Ryan Kraft to Kentucky. AHL TRANSP BAY—Re-signed C John Cullent TORONTO—Agreed to terms with F Mike Johnson. WANCOVYEE—Signed D Josen Strudwick. WANCOVYEE—Signed D Josen Strudwick.

COLLEGE GCLA-Announced CB Damian Allen de cidad to leave football team.

SPORTS

Half a World Away, They're Watching

UALA LUMPUR — The Champions League is all things to all men. In steamy Kuala Lumpur, provided no Malaysian medal hope in the Commonwealth Games is stirring the nation on Wednesday, soccer from Europe, played at a pace and with a commitment that the oppressive Asian air precludes, will hold huge viewing

audiences

The fans here can't wait to see how Real Madrid, the defending champion, copes with Inter Milan and Ronaldo. The fans talk, often as if they have shares in the property, of "their" team Manchester United and how, whether Rupert Murdoch or anyone else takes over, there will always be only one United

So Wednesday's European action, full of intrigue and two mighty firstround games, needs only a television set and a subscription to the right channel to view on the far side of the globe.

It will not be an easy argument to the man in charge of the gymnastics hall press center at the Commonwealth Games, trying to persuade him that the Real vs. Inter battle is the more compelling encounter. For he wears, beneath his suit, a Red Devils Man United tie.

And he knows that now that his team has paid \$20 million for the Caribbean goal-scoring flair of Dwight Yorke, it cannot fail to win the European title this time. He's willing to bet on United's starting off on Wednesday with a thumping great victory over Barcelona.

Manchester United last won the European Cup in 1968. The Malaysian man placing the bet may have been at school then. But he knows, you see. They all know everything about Euro-Dean Soccer.

Sure, they also know that this year, last year, right through the '90s, the odds are stacked on an Italian winner. It happens with religious regularity. During the decade so far, Italy has captured 13 European pieces of silEuropean Soccer/Ros Hughes

France and the Netherlands two each and Red Star Belgrade once took the prize home to Yugoslavia.

But when you are talking the big one, the Champions Cup, no English team has been to the final in this time; Italy has fought the final game every year for the last seven years.

And still the trumpeters proclaim England's to be the premier league, still the huge media moguls fight over the rights to own, and thus to screen, Manchester United, Arsenal et al.

The Murdoch bid for United is \$1 billion. For less than that, a man might even take the poisoned chalice of coaching for his country. Jose Camacho, not too long ago a defender on the pitch for Real Madrid and just a swallow ago offered the job of coaching the team there, has taken on the

task of coaching Spain.
You and I might, too, since the offer is a cool \$500,000 a year for two years. Yet Luis Aragones, a much more senior man than Camacho, a clnh coach just about everywhere in Iberia, turned it down. He says he's retired, and he

RAGONES, whose last port was Seville, was not offered the free hand to change the coaching staff of the Spanish national squad that Camacho demanded and got. They might discuss this in Seville on Wednesday, for Real Madrid meets Inter Milan because UEFA decreed. rightly, that whether Real be illustrious champion or not, the mayhem at its last home match in Madrid cannot be glossed over. Madrid's fans, possibly more in ex-

nberance than malice, chung onto ropes that brought down the goal posts and net before last season's second leg of the semifinal against Borussia Dortmund, Worse, the great clnh was so amateurish, so unprepared, it took

verware, Spain five, Germany four, more than an hour to find new posts and get the game on.

That not only meant the star players' kicking their heels warming up and warming down and back up again. Its ripples were felt on every continent where TV operators, advertisers and last and usually least, fans, waited and waited for the farce to be righted. Those who live by the television handouts cannot, surely, expect to bring an hour's darkness around the globe and go unpunished for it?

Lorenzo Sanz, apparently did. The Real president, he mntters that UEFA will regret ordering Madrid to play one match out of the Bernabeu Stadium.

The regrets will be Real Madrid's if, having replaced its coach since winning UEFA's grand prize, it succumbs to Inter Milan on "neutral" ground.

At least Madrid last weekend managed a 1-0 Spanish league victory at Valladolid, its first away victory in 10 months. The scorer, almost inevitably, was Predrag Mijatovic.

Now Mijatovic's partner, Ranl
Gonzales, warns his colleagues and

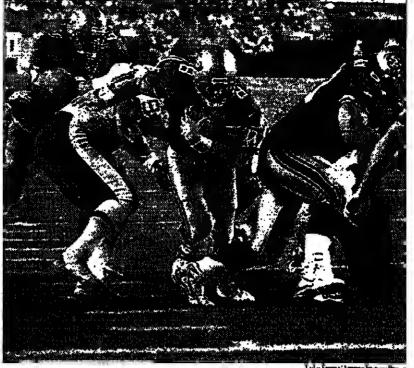
fans against concentrating solely on the Ronaldo threat. He's right there: Ronaldo, seeking a place to shine to get over his World Cup trauma in June, is far from lonely.

At his side is Ivan Zamorano, the

wily Chilean striker who once was re-leased by Real Madrid and did not like the slight that he was past it. And behind them lurks Roberto Baggio, a player reborn with a mission to prove a whole host of clubs wrong in thinking his European nights were all past tense.

Some of us will be watching from a distance of several thousand miles. It only takes the push of a button to see what Baggio's got and to admire or criticize it as if we were right there. Small world.

Rob Hughes is the chief sports writer of The Times of London



Steve Young scoring easily against the Redskins on a quarterback sneak.

The Australians Roll On, **Adding 5 Swim Golds**

KUALA LUMPUR -- Call them the

sweepmeisters. Australia won all five golds in the pool for the second time in the 16th Commonwealth Games on Tuesday,

scooping all three medals in two of the After four days of swimming, Don Talbot's team has won 17 of 20 golds,



Australia's lan Thorpe after tak-

ing the 400-meter freestyle gold.

WHAT ROOM

are we in?

It was a dream day for the Australians, who also crushed India at cricket, guaranteed a squash gold medal with two women in the final and won golds at

cord of nine.

cycling and shooting.

Outside the pool, the tropical heat enveloping the first Games in Asia took a toll. An Indian cricketer was hospitalized with heat exhaustion, and two team officials and a fan from other nations

Ian Thorpe won two golds to take his tally to four, and he and Grant Hackett

recorded the second and third fastest

Michael Klim moved up to three

golds, and the only negative was that

Susie O'Neill remained stuck on four.

Beaten by a countrywoman, Petria Thomas, in the 100 hutterfly, she re

COMMONWEALTH GAMES

mains on eight titles from four Games,

one short of Mike Wenden's swim re-

times ever for 400 meters.

were hospitalized with dengue fever, Steve Waugh scored an unbeaten 100 and shared in an unbroken sixth wicketstand of 171 with Tom Moody as the Australians overwhelmed India by 145 runs to reach the cricket semifinal, India'a opener, Amay Khuresia, collapsed from heat stroke while fielding. In the semifinal, Australia will meet

New Zealand, which-scored-215 for eight and then bowled Pakistan out for 1.34 to win by 81 runs. (AP, Reuters) age.

49ers Too Much For Redskins In Every Way

By Thomas George New York Times Service

LANDOVER, Maryland — It was not just Trent Green versus Steve Young. No, that alone was not the prob-Iem for the Washington Redskins.

And it was not just the Redskins' shaky offense versus the San Francisco 49ers' muscular defense, or the Redskins' overmatched defense trying to keep pace with the 49ers' primed offense.

No, the problem on Monday night was simply the Washington Redskins versus the San Francisco 49ers. The game. The teams. The talent. The schemes. The focus. The execution.

It was a blowout, a 45-10 victory for the 49ers - Coach Norv Turner's worst loss in his five-year tenure in Washington and the Redskins' worst home loss since 1948. The 76,798 fans at Jack Keni Cooke Stadium must be wondering what is next for Washington after it crashed to 0-2.

Green, the Redskins' quarterback, made his first start. He connected on 14 of 24 passes for 201 yards and a touchdown, but it was not nearly enough.
After leaping ahead by 7-0, Washington
fell behind by 21-10 at halftime.
Fullback Marc Edwards caught a 2-

yard pass from Young in the third quarter that made it 28-10. Then in the final quarter, San Francisco scored 17

consecutive points.
Young was masterly (21 for 32 for 303 yards with 3 touchdown passes), Garrison Hearst was efficient (22 carries, 138 yards) and the 49ers' offense in

general was sensational. They managed this against a revamped Washington defense. The Redskins paid \$57 million in the off-season for two defensive tackles, the former 49er Dana Stubblefield and the former

Bengal Dan Wilkinson. "They pounded us," said Stuhhle-field. "It's as simple as that."

■ 2 Major Losses to Injuries

The Green Bay Packers and Minnesota Vikings, both now 2-0, were hardly in a celebratory mode after each team learned that a vital player in its offense was injured far more seriouslythan initially reported Sunday. The Washington Post reported.

The star Packer running back, Dorsey Levens, sprained an ankle and broke a bone in his right leg against Tampa Bay. He could be lost for six weeks to a team that was struggling to run the hall even

with him in the lineup.
The news was similarly discouraging for the Viking quarterback Brad Johnson, who broke a bone near the ankle in his right leg against the St. Louis Rams and will be nul about four weeks. Both players first were said to have ankle sprains until tests revealed further dam-

Australia Says Olympic Athletes Won't Go to Jail for Drugs

SEOUL - Seeking to defuse a conflict with the International Olympic Committee, Australian Olympic officials promised Tnesday that athletes would not go to jail if they tested positive for drugs at the 2000 Sydney Games.

John Coates, president of the Australian Olympic Committee, gave the assurance after IOC officials expressed opposition Monday to his proposals for for Australian laws to be changed so that possible criminal sanctions for drug cheats. The IOC insisted that only traffickers and dealers should be prose-cuted, while athletes should be sanc-

tioned by sports bodies alone.

DENNIS THE MENACE

"YOU'RE NOT SHORT, JOEY... JUST YERTICALLY CHALLENGED."

RECRUITMENT Appears every Monday in The Intermarket.

SYTTUR

THUSIA

athletes who test positive for drugs should go to jail," Coates said. "The only time an athlete would ever find themselves in prison is if they had a commercial or traffickable amount of

Coates denied that his proposals, announced last month in Australia, called for two-year jail terms for athletes caught using steroids. He said he was pushing penalties for "hard sports drugs" were as strict as those for narcotics.

Possession or personal use of individual doses of performance-enhancing drugs could result in criminal action, but "At no time have I proposed that only in fines, not jail, Coates said.

DOWN

('EIGHT'

PSST, FRANKLIN...YI PUT

WHAT'D YOU

PUT DOWN FOR NUMBER SIX?

'EIGHT"? Y 'EIGHT'

eight

WHAT?

NOTHING. JUST

During the Sydney Olympics, any athlete testing positive for drugs would be subjected to existing IOC rules, including disqualification from the Games.

But an Olympic athlete involved in

supplying or selling drugs to others could face criminal prosecution. The IOC director-general, Francois Carrard, said the committee agreed with Australia's position as long as it applied

to pushers and not users.

Jacques Rogge, the IOC official responsible for coordinating the organization of the 2000 Games, added: "We don't want the police in the stadium (AP, Reuters)

ELEPHANTS'IN

"TWELVE

ELEPHANTS

THE JERK WITH THE



IT'S A GIGANTIC ANT! WITH ONE FOOTSTEP, IT PULVER-IZES THE ENTIRE DONNTOWN

MY PARTNER FOR

TODAY'S FESTIVITIES



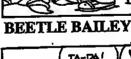


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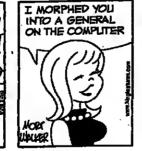
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Comprehensive yet concise, informed yet impartial, the affairs of the world unfold on the pages of the World's Daily Newspaper.



Mark Meets the Babe

By Russell Baker

NEW YORK — In the once hit a home run because course of being inter-the kid was dying. What hap-viewed half-to-death this pens? A gang of sports writers week. Mark McGwire began speculating on the next world. One of these days, he said, he hoped to meet Babe Ruth there and talk with him about hitting home runs.

McGwire had clearly not thought this through at the time, and no wonder. With millions of people cheering him and millions of dollars about to flow through his bank account, he can hardly have been in a reflective mood about the perils of af-

One of the gravest is the likelihood that hardened old afterlife habitués may not want to be badgered by newcomers eager to talk shop. he will almost certainly find Look at it from Babe Ruth's the Babe scornful and insultpoint of view;

Every day he has to put up with vile and tireless harangues from the trascible Ty Cobb. He is sick and tired of hearing Ty say that any muscular lout can hit home runs. but only an artist can do what Ty Cobb could do.

Cobb, the Babe sneaks off to a bosky retreat that's not too well lit. I have trouble visualizing afterlife geography but I clearly see a beer keg in this retreat. It is Paradise, after all, isn't it?

So the Babe is hunkered hit 150 before the Fourth of down in a banquette with, oh, July, say this lady, not one of his wives, from the Ziegfeld chorus line. And who comes over to talk baseball hut Casey Stengel, doing his "Old Perfessor" oumber, which is to say, talking baseball non- and hot dogs and talk about stop and making no sense hitting.

Say the Babe ditches Casev and heads for a schoolyard to chat with a kid for whom he falls upon him.

"Who was the toughest pitcher you ever saw. Babe? And what about that time you pointed to the stands just before you hit a homer into that very spot? Think you could have played for Steinbrenner, Babe?" And so on.

Now, imagine Mark Mc-Gwire has just checked in. A huge guy. Doesn't recognize a soul, though.

The wise policy for Mark would probably be to wait for Babe Ruth to come to him. If he seeks out Ruth during his first few centuries of afterlife he will almost certainly find

The money, Mark Remember the money! Don't think for a moment that the Babe has forgotten he made only \$80,000 a year for being the Sultan of Swat. How do you think he's going to feel when he asks what a Sultan of To shake the churlish Swat makes these days and obb. the Babe sneaks off to a you tell him, "Millions, Mr. Ruth, sir. Millions and millions"

I think he's going to say, And you only hit 65 or 70 home runs a season? I hit 60 for a piddling \$80,000. If they'd paid me five or six million I could probably have

A cautious home-run king would avoid him. Don' press yourself on him, and one day he'll probably wave to you and say, "Hey, kid, let's go out for some beer

New York Times Service

Brush With Greatness: Is Painting a Leonardo?

By Jo Ann Lewis Washington Past Service

WASHINGTON — Sometime in the past few weeks, anticipating controversy, a senior curator at London's National Gallery quietly rewrote the label on one of the gallery's lesser Renaissance paintings. The brush of Leonardo, it now says, might possibly be there.

Scholarly art books rarely make news. But the British curator assumed that new revelations by the curator of the National Gallery in Washington, David Alan Brown. would cause a dust-up in London. And the curator was right. Stories have landed on the front pages of The Times of London and the Observer, and in papers to Australia.

The stories trumpet Brown's claim that the National Gallery in London owns a painting by the young Leonardo da Vinci -

perhaps his first — and didn't know it.

Brown's just-released book, "Leonardo da Vinci: Origins of a Genius," argues that the curly-haired figure of Tohias in the London gallery's "Tobias and the Angel." an early 15th-century Italian Renaissance painting attributed to the painter and sculptor Andrea del Verrocchio, was actually painted by Verrocchio's gifted student Leonardo, then 16. Brown also credits the young da Vinci with the animated, wavy-haired dog and wild-

eyed, iridescent fish in the pointing.

If Brown is right, London's "Tobias and the Angel," which he dates to 1468, is the long-sought "first" painting by the Renaissance master. With only 20 paintings now attributed to Leonardo, the possible discoverv of a new one - and one from so early in his career — is bound to be news.

"Even Leonardo could not have arrived. full hlown, out of the head of Zeus," Brown said. "He had to start somewhere.

Art historians have, in fact, been arguing about what Leonardo (1452-1519) did or didn't paint since 1550, when the Italian painter and historian Giorgio Vasari wrote the first myth-shrouded account of Leonardo's "divine gift." To this day, little is known about this illegitimate boy wonder from Vinci. Especially scant are facts, and paintings, dating from the formative decade from age 14 on, which Leonardo spent as an painstaking scholarship, gallery imaging appreouce and then assistant and collaborator technicians have managed to create a comto Florence's leading sculptor, Verrocchio.

It was to gain josight joto that embryonic period, and the first glimmerings of Le- once looked with the missing eight inches



David Alan Brown, with the "Ginevra de' Benci" at the National Gallery.

scholarly quest. And through a masterly mix hands, gracefully crossed at the wrist, holdvisual argument and dogged scholarship, he brings those years, and the paintings they produced, vividly to life.

In the process, Brown also comes up with some news from Washington, where he has been National Gallery curator of Renaissance painting for 25 years: He claims that onethird of the gallery's great portrait of Ginevra de' Benci, the only painting by Leonardo in the Western Hemisphere, is missing.

No need to panic. Since 1967, when the National Gallery acquired (for a record \$1 inillion) this mesmerizing portrait of the pale, covery about the genesis of the "Ginevra" beautiful 16-year-old daughter of a Florentine portrait. Uncovered while examining the banker, scholars have known that the damaged lower portion of the wood panel was long ago sawed off. Until now, however, no one has figured out how much of the portrait was missing, or what was painted there.

With the aid of a computer and Brown's puter-generated reconstruction of the original "Ginevra," showing how it probably

ing a single flower.

The flower is generic, since there is not a clue as to what species it might have been. But Ginevra's new hands were lifted from an peccable source: a metal-point drawing by Leonardo himself, now in Windsor Castle. Long suspected of being a study for the nowlost hands in the Ginevra portrait, the drawing proves to be a convincing and perfectly positioned fit.

With the help of another new technology, Brown has also made an unexpected disportrait. Uncovered while examining the painting of the laurel wreath and banner on the back of this two-sided panel, it provides absolute proof that Bernardo Bernbo, the Venetian ambassador to Florence and Ginevra's platonic lover, was involved in the commission of this work, as had only been surmised.

Using a thermal imaging camera, Brown discovered Bembo's personal motto, "Virtue in Honor," buried beneath the top layer of paint. Painted over it is what we see roday Latin words that extol Ginevra's virtue onardo's genius, that Brown undertook this attached. Brown has given her long elegant and beauty. Brown now believes that the in an upcoming book.

front was a marriage portrait, and that the hack was painted later to celebrate the courtly platonic love affair between Ginevra and Bembo, which was also described in

contemporary sonnets. In an interview last week, Brown said his purpose in writing yet another book on Le-onardo — there are hundreds — was to son out and codify the artist's early works, about which no comprehensive work has been published. "I'm interested in his creativity, and these are the earliest signs," said Brown. "I felt the 'Ginevra' and the 'Annunciation' inthe Uffizi couldn't possibly be the artist's first works because they were too accomplished."

The World's Daily News,

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He began by taking a harder look at the. paintings attributed to Verrocchio and his workshop, where collaboration between master and students was the norm. He soonisolated several trademark characteristics that separated Leonardo's hrushwork from that of Verrocchio, who increasingly turned to his prize student to complete commissions that came his way. It helped that Leonardo had begun to use the then-new medium of oil paint (which Verrocchio never did), and his

experiments left telltale signs.

Sometimes he used finger painting to hleod shadows and achieve an overlay of atmosphere, which later became knowo as his famous sfuncto," Brown said. There are also areas of wrinkled paint in "Fobias," as. clsewhere - the result of the top layer drying before those beneath it. "If he'd fully understood the properties of oil paint, it wouldn't have happened." Brown said. "But was teaching himself as he went along."

Most visible to the rest of us, however, is Leonardo's passion for curls and wavy hair. To clinch the argument in his book, Brown compares close-up photographs of these painted curis with some left-handed Leonardo drawings of flowing water and "Deluge Studies." Clearly, for Leonardo, the swirling forms of hair and rushing water could be rendered identically — and often were.

So far, Brown's new theories have en-

countered no audible opposition. But that takes time, be cautions. "You make a proposal and then see if a consensus builds around it," Given the strength of his argument and credentials, a consensus seems more likely. The ereat Leonardo scholar Pietro Marani, curator of the Brera Museum in Milan, has already written Brown that "I completely agree" with his oew "Tobias" attribution, and will say so.

Sale of Reader's Digest Art

NEW YORK — The Reader's Digest Association will auction off an estimated \$100 million worth of Impressionist and 20th-century works from its art col-lection, including some by such masters as Cezanne, Monet, Modigliani and Matisse,

While Sothehy's and Reader's Digest declined to comment on the auction, scheduled for November in New York, art experts said the house had been chosen to sell the works in a special evening sale during the height of the fall art seasoo. The auction is a hig coup for Sotheby's, which competed fiercely for it against Christie's.

But the choice, experts said, was an ohvious one, since Sotheby's has been working with Reader's Digest for years, doing its appraisals and last May selling two painnings - a Monet and a van Gogh - which totaled 56.2 million. Around the same time, Reader's Digest also sold a Braque still life privately.

The collection was collected by the publisher's founders, Lila Acheson Wallace and her husband, DeWitt Wallace, beginning in the 1940s. The highlights include two Modigliam portraits, a Matisse still life, a Cezanne land-scape, two Monets — a landscape he painted at Vetheuil and one of his famous water lilies - and a van Gogh, which the artist painted in Auvers-sur-Oise in 1890.

The decision to sell now is partly timed to take advantage of the strong prices realized at auctions of the last

PEOPLE

Kurosawa, whose works included "The Seven Samurai,"

in June marking the anniversary trust created to preserve it. ing celcbrated with his family. Nordic heads of state and for-

BOUT 35,000 fans and the United States, joining cized production of "Turandot" A BOUT 35,000 fans and the United States, joining cized production or a uranion guests bade farewell to the Queen Silvia, Prioce Carl in the Forbidden City in Beijing film director Akira Kurosawa at Philip and Princess Madeleine. closed, Asked how the \$15 mila memorial service at his studio. The king had organized a larger lion production had gooe, Miin Yokohama, Japan. About event on the Swedish national chael Ecker, the Austrian im-4,000 guests inside the studio holiday. June 6, so as out to presario who pulled it together, heard a eulogy delivered from the conflict with the current general said that "artistically, it was a with the polls oo Sunday.

"Kagemusha," "Rashomon" Kevin Spacey, who triumphed and "Yojimbo," died on Sept. 6 as Hickey in Eugene O'Neill's at the age of 88.

Kevin Spacey, who triumphed high-end sales and donation beeo lower than expected.

"The Iceman Com-eth" at the Kevin Spacey, who triumphed high-end sales and donations had Almeida Thearre in Londoo and then moved with the play to the Sweden celebrated King Old Vic. is joining the board of chairman of the Metropolitan Carl XVI Gustaf's 25 years on the historic Old Vic. One of the Museum of Art for 11 years, will the throne on Tuesday, although world's most famous stages, the festivities were quiet and inti- Old Vic was spared its final curmate compared with a gala event tain this summer by a charitable itus of The New York Times Co.,

After eight performances cign diplomats. Crown Prin- actually seven and two-thirds, search for his successor concurcess Victoria flew home from because one was halted by rainher studies at Yale University in Zhang Yimou's much-publi- for a new president.

gold-room set used for one of the director's greatest films. "Ran." with the polls oo Sunday. great success." The financial stody is less clear. Ecker said that 87 ry is less clear. Ecker said that 87 percent of the seats had been sold but that corporate sponsorships.

> Arthur Ochs Sulzberger. chairman of the Metropolitan retire from that post by early next year. Sulzberger, chairman emerreaches 73, the mandatory retirement age for a trustee, in 1999 and is advancing his departure by several months to make the rent with the museum's search



ROCK WEAR - A model in Tina Turner's Versace dress and Elvis Presley's biker jacket, with John Lennon's corduroy jacket and Madonna's military coat, to be auctioned at Sotheby's sale of rock memorabilia.



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